HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 171 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, October 2, 2018

Chair

The Honourable Wayne Easter

Standing Committee on Finance

Tuesday, October 2, 2018

● (0845)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): To all the witnesses, welcome to our pre-budget consultations. Just so you understand what we're doing for the next few minutes, before the start of a meeting we never have enough time for all the witnesses, so when we're on the road we do open-mike sessions. We give people the opportunity to make a one-minute statement at the mikes that are on the floor. There are no questions from members on the statements, but they do go into the record of our pre-budget consultations.

We'll start the open-mike session now. Please try to keep it to about one minute, if you could.

We'll start with Mary McKenna from Fredericton.

Mary, the floor is yours.

Professor Mary McKenna (As an Individual): Thank you very much. My name is Mary McKenna. I'm a professor at the University of New Brunswick and a member of the coalition for healthy school food, a project of Food Secure Canada.

Did you know that recent research from the United States found that school meals provide 77% of students' total milk-group consumption? Here in Canada, today, 20% of students will participate in a school food program. These programs are largely volunteer-run and have multiple funders, including parents, schools, community groups, businesses, municipalities, territories and provinces.

We are asking your government to become a funder and invest $360 million in a cost-shared program totalling $1.8 billion. Your investment will support Senate motion number 358, introduced recently by Senator Art Eggleton, which recommends federal funding for a nutrition program. This investment will establish new programs and strengthen existing ones. Evidence shows that food programs available to all students have many health and learning benefits, create jobs, and improve local economies. Everybody wins, especially our kids.

Thank you.

The Chair: Thank you, Mary.

We'll turn now to Marie Lorraine Scott.

Ms. Marie Lorraine Scott (National Association of Federal Retirees): I'm Lorraine Scott. I'm president of the National Association of Federal Retirees here in the Saint John district, covering from Sussex all the way down to St. Stephen at the border.

I'm here basically to talk about pension security for seniors in regard to Bill C-27. Federal government employees have a pension. The average pension of a government employee is $23,000 per year. We're afraid of Bill C-27 being implemented, because we'll go from a deferred pension plan to a targeted pension plan, which will affect the members of the retirees association—all retirees and future retirees. Too many government employees, and many of you yourselves, could be affected by this change.

We would like to see Bill C-27 reneged. We want it removed so that the pension plans that we have will remain the same, remain targeted and be fully indexed. That is our mission from the national association.

Thank you.

The Chair: Thank you, Lorraine.

David Nelson is with Engineers Without Borders.

Mr. David Nelson (Engineers Without Borders Canada): Good morning. My name is David Nelson. I'm a member of the University of New Brunswick chapter of Engineers Without Borders.

In budget 2019, I'm asking that Canada commit to a 10-year timetable of predictable annual increases of 15% to the international assistance envelope. This is in keeping with the recommendation the committee made last year in regard to the pre-budget consultation, as well as to an OECD report on Canada released in mid-September.

I was really encouraged to see the Government of Canada commit to ODA in budget 2018, but despite this increase, Canada's spending is still near its historical low. We are well below many of our global peers. ODA is fundamental, as these investments support such vital services as health care and education in some of the least-developed countries. Increasing ODA through a predictable timetable in budget 2019 would show that Canada is a committed global leader that is helping to create a better world for everyone.

Thank you so much for your time.

● (0850)

The Chair: Thank you.

Next up is Jessica Ruth Adams.

Ms. Jessica Adams (As an Individual): Good morning, honourable members.

My name is Jessica Adams, and I'm a Canadian citizen who believes in equality, peace and prosperity for all. I am fortunate enough to have been raised in Canada, with access to health care, a good education and a safe community to grow up in. However, I know that this is not the reality for other children around the world.

I've seen the impact of Canada's investments abroad. Far fewer people are dying around the world, and communities are thriving thanks to the development efforts. However, there is still a lot to be done. The needs are great. International assistance has a reputation for bringing about charity, but it's more than that. It's about strengthening the global community and creating sustainable opportunities.

I am encouraged by the recent increases to international assistance, but to effectively deliver on Canada's feminist international assistance policy, more must be done. Therefore, I urge you to recommend annual long-term increases to international assistance in your report to Parliament on budget 2019.

Thank you for your time.

The Chair: Thank you, Jessica.

Mya.

Ms. Mya Ryder (As an Individual): Good morning, honourable members.

My name is Mya Ryder, and I am a student here in the Saint John area.

I believe that everyone deserves the chance to prosper, but not everyone has the resources to do so. I've had the opportunity to see first-hand that the privileges we enjoy on a daily basis, such as access to clean water and education, are not available to many vulnerable children. They lack and are in dire need of these basic human rights and services.

The impact of even small investments in communities can lead to great successes and improvements for child well-being. Generosity and kindness are Canadian values and matter to Canadians everywhere.

I am encouraged by the commitment Canada made to girls' education and protracted crises this past June. Those funds are doing so much good, yet there is still so much more that needs to be done.

Development efforts are strengthening the global community and creating sustainable opportunities. Therefore, I urge you to recommend annual, long-term increases to international assistance in your report to Parliament on budget 2019.

Thank you for your time.

The Chair: Thank you very much, Mya.

There is nobody else here for the open-mike sessions.

I thank each of you for your presentation.

We'll go to the regular meeting.

I know that witnesses know this, but for the record, the finance committee is doing its pre-budget consultations for the 2019 budget. We welcome all the witnesses who are here, and we appreciate those sending in submissions prior to the August 15 deadline. Those submissions are on our iPads, and people will be referring to them from time to time. They're not playing games on their iPads.

We'll do a quick round to introduce the members so that you know where they're from.

I'm Wayne Easter, from the riding of Malpeque, Prince Edward Island. I'm a member of the government.

Mr. Peter Fragiskatos (London North Centre, Lib.): Good morning, everyone.

I am Peter Fragiskatos, from London, Ontario. It's great to be in your province and city this morning. I'm a member of the Liberal Party, as well. I sit on the governing side.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, everyone. Welcome.

For us, it's great to be here in New Brunswick.

I'm a member of Parliament from a riding called Vaughan—Woodbridge, which sits right on top of the city of Toronto. But I would be remiss this morning if I didn't want to be a member of Parliament for Skeena—Bulkley Valley, where I grew up, and which is represented by Nathan Cullen, with the announcement of a $40-billion investment today by LNG Canada and its partners.

It's a great day for one of the coasts of Canada, and for all Canadians.

● (0855)

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Good morning.

My name is Greg Fergus and I am a Quebec member of the Liberal Party of Canada. I represent the riding of Hull—Aylmer, near Ottawa, just across the river.

I apologize for being late this morning, especially to the people in the audience. As you can imagine, I followed the election results in Quebec very closely yesterday. It was a historic election.

I have been a member of the Standing Committee on Finance for two years and a few months. I am very happy to be back in Saint John, which is one of my favourite Canadian cities. It is a pleasure to be here.

[*English*]

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I'm Pat Kelly. I'm the member of Parliament for Calgary Rocky Ridge, and a member of the Conservative caucus.

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): I am Leona Alleslev. I am a member of Parliament for Aurora—Oak Ridges—Richmond Hill, which is just north of Toronto, and also a member of the Conservative caucus.

[*Translation*]

Mr. Peter Julian (New Westminster—Burnaby, NDP): My name is Peter Julian. I am a member of the NDP and I represent the riding of New Westminster—Burnaby, on the other side of the country.

[*English*]

I am just delighted to be here in Saint John. This is an architectural mecca. Wandering around last night and seeing downtown Saint John was phenomenal.

I look forward to your testimony.

The Chair: I thought you had come off that cruise ship that's parked in the harbour this morning, Peter, but anyway, I guess not.

In any event, thank you, all.

We'll start with the Canadian Communication Systems Alliance and Jay Thomson, CEO.

Welcome, Jay. The floor is yours.

Mr. Jay Thomson (Chief Executive Officer, Canadian Communication Systems Alliance): Thank you, Mr. Chair and members of the committee. My name is Jay Thomson. I'm the CEO of the Canadian Communication Systems Alliance. I'd like to thank all of the members of the committee for inviting me here to Saint John today to present our recommendations.

While I'm based in Ottawa, actually in Wakefield, our head office is very close to here in nearby Quispamsis. CCSA represents more than 110 independent companies that provide Internet, television and telephone services across Canada. Our members serve hundreds of thousands of Canadians in communities generally outside urban markets all across the country. In rural areas, CCSA members are sometimes the only source of essential communication services.

I come today with three recommendations that our members believe would support Canada's commitment to growing the economy, job creation and broad-based prosperity.

Our message today is essentially the same as it was when we appeared before your committee last year. In today's connected world, continued development of our broadband infrastructure is crucial to Canada's global competitiveness and economic success. Therefore, Canada's fiscal policy should support the government's objective of extending broadband service to all Canadians.

To that end, first, we ask that the Canadian government increase its investments in the country's broadband infrastructure. CCSA is pleased that the government has made important progress in this respect with the connect to innovate program, but more investments are needed. We recommend that the government continue to work with our members to identify where broadband investment can have the greatest positive impact on the lives of Canadians.

Second, we ask that the government, in making its fiscal policies, recognize the vital role that local entrepreneurs with existing networks and expertise can play in achieving Canada's broadband goals. By directing funding for locally based companies, the government can more efficiently extend broadband capabilities and increase the potential for economic growth and diversification, creating jobs and other opportunities. That's because smaller, locally based companies really know how to stretch a dollar to serve their communities.

Third, we caution the government against creating any avenue for Internet service providers to be taxed to support the production of Canadian television programming, as some parties seek. We believe that any new tax aimed at the providers of broadband services would be harmful to the government's objective of spurring economic prosperity by extending broadband services to parts of the country that currently are underserved. We, therefore, urge the government to not impose any new taxes on Internet service providers in Canada.

In conclusion, we believe that the Canadian government is well on its way to continuously growing the economy through ensuring that all Canadians regardless of where they live have access to critical broadband connectivity so that they may share in the benefits of the digital economy. By increasing investments in broadband, funding directly to locally based providers and not adding any more tax burden on those companies, the government will be able to achieve its goals more efficiently and quickly.

The CCSA and our members look forward to continuing to work with the finance committee and the government in ensuring that policies developed help grow the Canadian economy. Thank you once again for the time and I look forward to your questions.

● (0900)

The Chair: Thank you, Jay.

We'll turn to the Canadian Crafts Federation, with Ms. Bent and Ms. Black.

Ms. Maegen Black (Director, Canadian Crafts Federation): Honourable Chair and esteemed members of the committee, thank you for inviting us to participate today.

The Canadian Crafts Federation represents a broad sector of artisans and makers from a wide variety of disciplines. Craft is a vibrant and active component of the larger cultural sector in Canada, and a significant contributor to the cultural economy. The culture satellite account showed that the craft sector contributed $2.8 billion to the cultural GDP in 2010. That's more than the performing arts, at $1.7 billion; architecture, at $1.2 billion; books, at $1.1 billion; and photography, at $1 billion.

Our recommendations will impact the sector's work to increase homegrown, sustainable jobs for Canadians. Rather than ask for extensive financial investment, we are largely asking for clarity and the reduction of impediments to growth for the craft sector.

First, we recommend that the government implement fair taxation regarding grant income. For years, artists have faced unclear guidelines and confusion regarding this income. This difficulty was brought to the public eye earlier this year when sculptor Steve Higgins received a $14,000 tax bill after receiving only $20,000 in grants for a specific project. This funding was then recategorized as a personal endeavour rather than a source of business income and deemed ineligible for related expenses. This is one example of wasted productivity, for Canada Revenue Agency staff and for the artists who face these audits. These could be rectified with only slight shifts in policy and training at the CRA.

The CCF also recommends that the government recommit to, and finalize, the budgetary increases already slated for the Canada Council for the Arts through to 2021. Since 2017, the CCF has directly benefited from this increase, as have many of our partner organizations and individual members across the country. We know this funding has increased employment numbers and artist fees paid out across the sector. We have seen first-hand the impact that this increased funding has already had in its first stage of implementation, and we are grateful for this long-needed injection of funding to further support our sector.

Funding for mentorship and apprenticeship programs and increased access to the federal financial incentive and tax credit programs through the Red Seal trades system could greatly assist craft artists looking to transition from training to professional practice. In August 2017, a Canadian Crafts Federation study identified 36 colleges offering 84 craft programs. The demand exists to open Red Seal opportunities to the craft sector. By encouraging Employment and Social Development Canada and the Canadian Council of Directors of Apprenticeship, the federal government can play a role in opening this door.

In order to create a new taxable income for artists in Canada, the government could amend the Canadian Copyright Act to include an artist resale right. This copyright royalty would increase income for craft artists whose work is resold, often at a higher price point as their career advances. This would come at no cost to the federal government. This type of program currently exists in 93 other countries worldwide. As average artists' incomes are below the poverty line, this amendment to the Canadian Copyright Act would have a direct impact.

Finally, the Canadian Crafts Federation recommends that the government modernize the national museum policy and identify new financial support for programming to advance indigenous reconciliation, inclusion and diversity; digitization; and infrastructure. Much like the recent review and transformation of the Canada Council for the Arts' model, Canadian museums need to be supported in their endeavours to renew and refresh their structures, content and relationship with the modern Canadian and international audience.

Craft is a sector that touches every single region in Canada, from community spaces like the Eptek Art and Culture Centre in P.E.I., the Shadbolt Centre for the Arts in Burnaby, and the Woodland Cultural Centre in Brantford, to excellent craft training programs such as the Alberta College of Art and Design in Calgary and the renowned collections in public and private galleries like Hull's Canadian Museum of History, the Jonathon Bancroft-Snell Gallery in London, and the McMichael Canadian Art Collection. Craft and culture are alive and well.

I highlight these specific cultural institutions not just because you are familiar with them, but because they are excellent examples of diverse cultural industries. They are employers, community developers, keepers of our history and place-makers of our modern time. All these organizations would benefit directly from the recommendations presented today.

Government support of artists and the cultural sector is a hand up, not a handout. Supporting the creative industries in this country creates jobs, supports small businesses, and provides opportunities for children, youth, seniors and everyone in between, regardless of their backgrounds. Statistics Canada confirmed the cultural sector generated approximately $25 billion in taxes for all levels of government in 2007, more than three times higher than the $7.9 billion that was spent on culture by all levels of government that same year.

● (0905)

Cultural investment has an excellent return.

Thank you very much.

The Chair: Thank you, Maegen.

We turn now to Mr. Cyr and Mr. Brun, with the Coalition santé mentale et traitement des dépendances du Nouveau-Brunswick.

[*Translation*]

Mr. Albert Cyr (Interim president, Coalition santé mentale et traitement des dépendances du Nouveau-Brunswick): Thank you, Mr. Chair.

Equity between mental and physical health care is fundamental to ensuring productivity and economic competitiveness in Canada. The Mental Health Commission of Canada and the Canadian Mental Health Association have been very vocal on the urgent need to act.

The 2015 Provincial Mental Health Forum, held in New Brunswick and attended by more than 350 community participants, established the importance of holding a societal debate on all mental health issues, such as the need to overcome stigma and legal barriers and promote equity in access to services.

Such a transformation of services requires the participation of families, loved ones and the community. It is important to intervene early while respecting the safety and jurisdiction over culture of first nations, immigrants, refugees and linguistic minorities. Transforming mental health services is based on the values of respect, transparency, collaboration, evidence, best practices and research.

According to the Mental Health Commission of Canada, the economic losses from mental illness and substance abuse are estimated at $51 billion. For Canadians suffering from depression, the loss of productivity is estimated at $8 billion.

Mental health issues are the primary reason for disability claims. Seventy-five per cent of short-term claims result in significant costs. Only 50% of employees will return to work after a six-month disability period. The costs associated with mental health issues represent 4% to 12% of the payroll. Fifty-seven per cent of Canadian employers have made it their top priority.

According to a survey conducted by the Canadian Mental Health Association, whose report has just been published, access to mental health care, unavailability of appropriate services and stigmatization are the main barriers to good mental health.

The mental health needs of 1.6 million Canadians are not being met. The opioid crisis is the result of physical, spiritual and psychological suffering and pain related to, among other things, social inequality, colonialism, intergenerational trauma, stigmatization and inaccessibility to appropriate and effective services, as well as a lack of consistent treatment services.

In Canada, 7.2% of the health care budget is for mental health, compared to 13% in England, while the economic burden of mental health, as estimated by the OECD, is to the tune of 23%. Historically, community mental health services have been underfunded. The Government of Canada has demonstrated unprecedented leadership by recognizing significant gaps in mental health and has committed an additional $5 billion over 10 years.

Mental health issues are preventable and manageable with personalized, equitable and effective access to appropriate services and support. Eighty per cent of people depend on their family doctor for services that are usually limited to drugs and referrals.

Psychological therapy services are inaccessible in the public system, as the majority of people do not have access to private insurance plans to cover part of the costs.

We recommend the following strategies: providing evidence-based therapies from public funds; improving the quality of care; investing in promotion, prevention, early intervention, and the resolution of stigma and discrimination issues; ensuring equitable access; and increasing funding for mental health research and impact assessment. For each dollar spent, the health care system saves two dollars.

We propose to hold an Atlantic forum bringing together all community participants and decision-makers in the formal system, as a follow-up to the provincial forum held in 2015. The purpose of such a forum is to engage people with mental health challenges in their institutions, to engage their natural support networks such as family and friends, and to engage employers, professionals, researchers and policy-makers.

● (0910)

This is also an opportunity to demystify mental health, mental illnesses and addictions, to share evidence and best practices, but more importantly, to overcome stigma. Working with partners is essential to implementing innovative strategies, deploying appropriate and effective services, intervening early and building a healthy and dynamic economy.

The following issues cost society dearly: the rate of homelessness related to mental illness; the dependency rate related to mental health issues; the rates of chronicity and economic dependency of people who do not have access to appropriate and effective services; and the inaccessibility of care and services for those living with mental illness, as well as for their families and loved ones. The status quo has an impact on the economic health and productivity of communities.

A forum bringing together all stakeholders from the formal systems of public services, training and education institutions, community organizations, immigrant communities, first nations and the linguistic minority, in a spirit of collaboration and evidence-based information sharing, paves the way for demystifying mental illness, promotes best practices and ensures continuity of care.

A forum is a societal intervention that informs, raises awareness, and mobilizes people. It overcomes stigma and engages our communities in a partnership with formal systems and policy-makers.

The Canadian Mental Health Association recommends that legislation be passed on parity between mental and physical health, which would clarify that access to mental health services is not a privilege, but a right.

The purpose of the coalition will be to represent the interests of communities, individuals and formal services in the transformation of mental health services.

Thank you.

[*English*]

The Chair: Thank you, Mr. Cyr.

With J.D. Irving, Limited, we have the co-chief executive officer, Mr. Irving.

Welcome.

Mr. Jim Irving (Co-Chief Executive Officer, J.D. Irving, Limited): Thank you, Mr. Chair and members of the Standing Committee on Finance for giving me the opportunity to appear before you today. I'm very pleased that the committee chose economic growth ensuring Canada's competitiveness as its topic, as this is a critical issue for our great country. As the gentleman from B. C. mentioned this morning about the pipeline being sanctioned or going ahead with a green light by the owners, that's just what we need in this country, more of that. That's first class.

By way of background, our organization employs approximately 18,000 people in Canada and the U.S., with the majority being in Canada. Last year we purchased goods and services from more than 4,600 businesses here in New Brunswick alone, at 1.3 billion dollars' worth of local purchases in 2017. The majority of these businesses were small, which is a critical component of the social and economic fabric of this country. In order to stay in business and continue to buy from smaller local suppliers we, as a company, need to be globally competitive. That's absolutely critical.

Exports are critical. Our New Brunswick sawmills produce enough lumber in seven days to satisfy all of New Brunswick's home construction for a year. For tissue products, it's about 50 days, and for magazine paper, it's about 12 days.

I sat this last year on the Prime Minister's resources of the future economic strategy table, and there were a number of interesting statistics that came out of that, which I wasn't fully aware of. I don't want to be negative, but I'm going to read them because I think it puts things in context about where we're headed on a competitiveness basis.

Canada ranks 34 out of 35 among the OECD countries in terms of time required to obtain a permit for a new construction project. Canada's export growth has declined significantly in the last 15 years. The productivity gap between Canada and the U.S. has more than doubled since the late 1980s. Canada ranks last of all advanced economies when it comes to the burden of government regulation and efficiency of government spending.

In a recent survey of large firms, the Business Council of Canada found that 64% of CEOs said Canada's investment climate had worsened in the last five years. Noting the growth in tax and regulatory burden, increasing red tape can discourage companies from making large investments in Canada. Meanwhile, confidence among small businesses has plummeted, according to the reports from the Canadian Federation of Independent Business. Foreign direct investment in Canada plunged last year to the lowest level since 2010.

As you undertake your pre-budget consultations, I would like to raise a few ideas for your consideration. I don't mean to be negative with those previous comments, but that's the state of affairs. We're in a great country. We have a massive amount of natural resources. The job is to know how to move forward to help ourselves be more competitive.

Taxation issues, the subject of accelerated capital cost allowance, is something I'm sure you will hear across the country from different people in the manufacturing sector, in any case, suggesting the acceleration of capital cost allowance on machinery and equipment. The U.S. currently now has 100% depreciation in the first year, an enormously important requirement because currently Canada's depreciation rate runs about seven years. At one time we could buy equipment for our manufacturing plants and it would last. It would run out its useful life. Today, with technological changes, oftentimes equipment still has a useful life but is no longer technically competitive because of the fast pace of change in the global sector of manufacturing. That's quite important.

We might even consider changing the ready for use rules. Today the capital asset has to be in production before you can claim the depreciation. In New Brunswick at one time the federal government had allowed for ready for use rules, which meant they would be waived. Once you committed to the project, you could claim the depreciation while it was under construction. This further accelerated the rate of investment in particularly hard depressed areas of the country.

We think the depreciation is quite important, and we ask that due consideration be given for the whole country, for all kinds of reasons.

As to carbon pricing and environmental regulations, we support the federal government's efforts to reduce carbon emissions. In our organization in the pulp and paper sector, we've reduced our carbon by about 50% over the last 15 years. This is a cost of doing business that rarely pays for itself, but it's something we have to do. We don't dispute that. One way to mitigate the carbon tax on companies is to separate another class of depreciation.

● (0915)

Where we're going to invest.... The federal government now is rewriting the environmental rules on water, air and so on, in a number of different sectors. You can only spend a dollar once. Once you've spent it on reducing your environmental footprint, you haven't got the dollars to spend on the modernization of your plant.

Perhaps we want to have a different class of depreciation, perhaps double depreciation, for those things that are specifically for environmental improvements to the country. We have to do them, fine, and the federal government will get all of its taxable revenue. It might be a year or two later, but then you're fully exposed from a depreciation point of view, and you'll pay your full tax. We think it perhaps signals the right message to the rest of the community.

With regard to analytical capacity, governments often introduce... and when I refer to governments, I mean federal and provincial. I know this is about the federal government here today, but it overlaps. Governments often introduce policy and legislative changes that may negatively impact business, although not directly. They have the best intentions but they are perhaps a bit misguided sometimes. These may be changes to environmental regulations, labour laws or a number of other government initiatives.

We need to make these changes, but the government really needs to understand the impact—what we are doing on the outcome—because it all gets back to being competitive. We often see the provinces putting regulations through with no analytics of the impact. That's particularly true in the resource sector.

That's why I am glad to see the pipeline going ahead. The Prime Minister did the right thing. He bought Kinder Morgan, and he's going to make that happen. It's the right thing. We have to make things move.

We recommend that the federal government create an internal competitiveness task force with the analytical capacity to clearly understand the impact of any policy or legislative changes in terms of global competitiveness. It affects our input cost if we put the power rates up or the gas rates up, or we change the regulations on transportation. It all adds up to how we compete globally, and that's so important.

The task force would be sector-specific. We're not talking about thousands of people. These would be people who are very familiar with the mining business, the forestry business, the oil and gas business, who really understand the global inputs and what it takes to make those businesses attractive to capital investment here in Canada. As we've often said to the premiers of New Brunswick over the last 10 years or so—as New Brunswick has lost approximately half of its pulp and paper mills—these folks didn't leave the industry, they left New Brunswick. They went and put their money where perhaps it was easier to do business.

That's gone on across Canada in these very competitive sectors. Today Canada has the Competition Bureau. We think we need a competitiveness bureau. We think we really need to understand it. Obviously being competitive keeps the standard of living up in this country. That's what we have to be able to do. We have to be able to have the tax revenue generated to pay for all the social programs and look after people who need help.

We've heard from a number of young folks here this morning who spoke very well about how we have an obligation to look after things. The only way we're going to do it is to generate cash—income for the country. The only way we're going to do that long term is to be competitive. We're blessed with all the resources in the world, so it's up to us as a country to step up on that.

Competitiveness should be the watchword on many things we're doing today.

Thank you.

● (0920)

The Chair: Thank you, Jim.

From the Saint John Board of Trade, we have Dean Mullin, treasurer.

Dean.

Mr. Dean Mullin (Treasurer, Saint John Board of Trade): Thank you.

Chairperson Easter, committee members, fellow witnesses, good morning.

Thank you for the opportunity to appear before this committee to discuss what the Saint John Region Chamber of Commerce, the chamber, feels are considerations that should be included in the next federal budget.

During the recent provincial election, the New Brunswick boards of trade, chambers of commerce and other associations created a platform called We Choose Growth, which has five pillars that lay out what our members, the province and the country need to be successful. These five are private-sector driven economy, responsible resource development, responsible financial management, improved export performance, and labour force development. I will try to focus on most of these this morning.

First I'll talk about private-sector driven economy.

New Brunswick is the best place to live in Canada. However, a competitive tax and regulatory environment is needed to attract new businesses, as well as allow current businesses to grow in this current global competition for capital and talent, regardless of the size of the organization. Our federal small business tax rates are competitive when you look only at the corporate level of taxation. However, with the additional consideration of personal tax rates and a top marginal rate in excess of 50%, there is a disincentive for business owners to achieve their full potential when more than 50% of what they earn will be paid in tax. This disincentive is worsened when a business is subject to the general tax rate of 29% in New Brunswick.

The recent changes in the small business deduction rules related to the amount of passive income one earns can double the income tax burden on many successful small businesses and remove growth capital from that business. As well, the wide-ranging changes that have occurred over the last several years have increased every business owner's accounting and legal fees just to remain compliant. Therefore, we recommend all recent tax changes be put on pause and a robust and complete review of the tax system, including tax rates, be undertaken to ensure that it is fair and equitable to all. Any review will, and should, take time.

However, New Brunswick and Canada need immediate action now to encourage investment, to stop the capital drain and to encourage growth. We suggest an immediate writeoff of capital expenditures as a start. This can be enhanced with a super deduction of 125% of the expenditure to allow a further incentive for investment and growth. For everyone, a reduction in the top marginal rate to below 50% would be positive. Further, a positive amendment to the recent changes to the tax on split income rules would be to provide for a spousal exemption, or raise the age it applies to for those under 25, and revert back to the rules that had worked effectively since the early 1990s. This would eliminate complexity and reduce risk for the business owner who wants to do things right, but has no idea how to apply the new, overly complex rules.

As New Brunswick is an aging society, current business owners are faced with succession issues. Many would love to transfer their business to family members, but the current rules make it nearly impossible, as most business owners cannot efficiently transfer their business to the next generation without significant tax costs. We suggest that a mechanism be introduced to allow the rollover of a family business to the next generation that would allow the current owner to enjoy the same benefits as if they sold to an arm's-length person.

Next is responsible resource development.

New Brunswick was built on the riches that the land and sea have provided to us, and the hard work of those who took risks with no guarantee of success. The current regulatory framework appears to be in constant flux and causes significant issues for anyone trying to start or grow a business utilizing these natural resources. The creation of any major piece of infrastructure, such as a pipeline, would draw in more business opportunities and give local businesses the opportunity to gain valuable experience that they can then take and use elsewhere. It would grow New Brunswick's tax base.

With this uncertainty, it is not surprising that we have no new private projects that bring new enterprises to New Brunswick that not only create immediate jobs but the lasting infrastructure that attracts additional new investment. Rules should be established that are reasonable and realistic, in collaboration with industry and stakeholders, and that don't pit opposing parties against each other but look at the national good. These rules should then be consistently applied to any project review in its development so that we can get something built in Canada.

To confront climate change by offering beneficial tax treatments, immediate writeoffs, super deductions or better refundable tax credits for modernization of pollution control equipment, upgrading to new efficient equipment or the installation of renewable energy sources, as opposed to charging carbon taxes, would create better results. Everyone in Canada is taxed out and can't afford any new taxes. Incentivize behaviour. Don't punish when there is no alternative.

Next is responsible financial management.

● (0925)

A fiscally strong, stable federal government helps Canada sell itself as a good place to invest. Running extreme deficits and accumulating debt with no clear plan to return to a balanced budget is not sustainable. Neither is trying to balance a budget through tax increases as we have passed the point where more taxes generate more income.

Therefore, we recommend that the government work to live with less, focus on the expenditure side of the income statement and don't balance the budget through tax increases. Every year that goes by that we are not dealing with this makes it harder to correct and puts Canada at risk of not being able to ride out the next inevitable downturn.

As for improved export performance, we are an export-focused economy, primarily through the U.S. We must expand to other markets. The federal government should provide better financial backstops for businesses wishing to enter new export markets.

However, it will take years to develop any new markets. The trade issues between Canada and the U.S. must be stabilized to maintain the free flow of goods to the U.S. Many New Brunswick companies that employ thousands currently depend on the U.S. market for their survival. Any disruption to cross-border trade would be devastating.

In the five minutes we've had, I have only touched on four of the five pillars of growth. There is much more to discuss.

Thank you for this opportunity to appear before you. I welcome any questions you may have.

The Chair: Thank you, Dean.

Turning to the University of New Brunswick, we have Eddy Campbell, president and vice-chancellor, and David Emerson.

Dr. H.E.A. (Eddy) Campbell (President and Vice-Chancellor, University of New Brunswick): Thank you very much for the invitation to appear before you. It is much appreciated.

You are consulting with us on issues with respect to economic growth, and I want to speak to you about what I believe to be the critically important role of universities and colleges across the country in helping with economic growth. In particular, I am going to focus on New Brunswick and my university, and the role that we are trying to play in returning New Brunswick to sustainable economic growth.

For me, a minimum bar of achievement for our province would be to become a "have province". I think that's actually a pretty low bar, but let's recognize that 36 cents of every public dollar that is spent in this country is from equalization payments. I think that part of our political discourse should be around how we wean ourselves off that dependence on our friends in the rest of the country.

Our university has some 10,000 students—2,000 of them here in our campus at Saint John, and another 8,000 in Fredericton. We are 233 years old, the oldest English language university in the country, and we were found to be the country's most entrepreneurial university by Startup Canada in 2014. They've never held that competition again, so we'll wear that title forever, I hope.

It is a challenge for us to maintain the activities that led to that award. In particular, I want to tell you about the development of clusters in engineering and computer science, and in fact, in our faculty of arts, where we have built alliances with industries, both global companies and local firms.

For example, in the smart grid, we have a collaboration between Siemens Canada, New Brunswick Power, Emera—the Nova Scotia holding power company—and IBM. The smart grid is all about the efficient and best use of electricity as we build micro-generation facilities that will feed power back into the grid. There are very complicated intellectual and technical problems involved in that. The president of Siemens Canada, Robert Hardt, articulated the vision for this group as building the global utility operating system for the future, right here in New Brunswick.

This is the kind of ambition that we have. We believe we have many solutions in hand. We are working with a JDI firm to build an advanced manufacturing cluster. We want the manufacturing sector here in New Brunswick to be globally competitive. As Jim was suggesting earlier, we have to keep our eye on that ball—being globally competitive. That means our manufacturers need access to the latest and greatest in technology, in materials and in manufacturing techniques.

Our faculty have that expertise, and it can be brought to bear on their needs. We believe we have solutions in hand. Our challenge is to scale them up.

I would argue that economic growth and competitiveness across the country demand sustained investments in research and development by our federal government. You have many programs that are doing that and doing very well. I would suggest that they do need attention, and they can always be tweaked to make them better.

I would particularly mention the Atlantic Canada Opportunities Agency. It has been around for a long time. It has been viewed here in this part of the country as largely successful, to the point where the previous government, in fact, duplicated those economic development agencies in other parts of the country. I would suggest to you that a very good idea on the part of the federal government would be to increase investments in ACOA.

They know what they're doing. They know the players. They have their established and understood systems of due diligence, and they are becoming better and better at making the right investments in the right people and the right institutions, particularly since—I have to say this —Francis McGuire has become the president. There is somebody who's doing a really great job for the federal government at the moment, on the economic development front.

Finally, we have an economist at the University of New Brunswick by the name of Herb Emery. He has done some work on what he refers to as the innovation gap. There is about $100 million in additional investment flowing into Nova Scotia, a province of similar size to New Brunswick. We are $100 million down in investment in R and D in our province, and we refer to this as the innovation funding gap. Again, I think this could be usefully addressed through ACOA.

● (0930)

There's a whole system of innovation support that we have here in Atlantic Canada, and the federal and provincial governments cooperate very well on that front.

I welcome any questions you may have. Thank you for your time and attention.

The Chair: Thank you.

It's 9:34 on a Tuesday morning. Who is the government at this time of day today?

Greg Fergus, we'll go to seven-minute rounds initially.

[*Translation*]

Mr. Greg Fergus: Thank you for that fine question, Mr. Chair.

First, I would like to thank all the witnesses who have appeared today. I found their presentations very interesting. Unfortunately, as the chair mentioned, I only have seven minutes to ask my questions and receive the answers. So I would ask everyone to forgive me if I don't have time to speak directly to some of them.

My first question is for Mr. Campbell from the University of New Brunswick. I would like to ask him for some clarification.

At other meetings of our committee across the country and in Ottawa, Universities Canada, your own institution and other universities have all mentioned the importance of investing in research and development. Our committee is well aware of this need.

However, in presenting your third recommendation, which is to fill the innovation gap, you mentioned a gap of about $100 million. What does this gap represent? Can you elaborate a little more?

If we decide to invest more, perhaps through the Atlantic Canada Opportunities Agency, what are you actually proposing?

● (0935)

[*English*]

Dr. H.E.A. (Eddy) Campbell: Thank you for the question, Greg.

As you are well aware, these are important issues for Universities Canada. What I see as particularly useful investments by the federal government have been in university-industry partnerships and alliances. I include colleges when I say that. The power we have when our faculty and our staff and our students are interacting with companies such as Jim's, companies that are really focused on being globally competitive, is a very powerful alliance.

When our students are acquiring the experiential learning, the work-integrated learning, they become better students. They understand the needs of industry better. Our faculty members understand the needs of industry, and we're getting better and better at this.

In particular, this investment at that interface between the universities and colleges and our industries is making us much more receptive. We better understand the needs of business, although it's not always easy. There are different cultures and different ideas of what amounts to a deadline.

In an nutshell, I would also want to suggest that programs like Mitacs, which the federal government has invested significant funding in recently, as well as new investments in the National Research Council and its IRAP program, are really good programs. They are functioning very well.

I would suggest to you that scaling them up would allow us to get after the kinds of opportunities that we have much faster. That would be my argument.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

Mr. Irving, we have also heard from several companies about the importance of an accelerated capital cost allowance. As you mentioned, this could be very useful, and you think it could stimulate investment in New Brunswick. Can you give us some examples to illustrate how this allowance would really be beneficial for your company, and certainly for this region?

[*English*]

Mr. Jim Irving: The capital-intensive businesses, particularly in the resource sector—pulp and paper, mining, oil and gas—are commodity businesses for the most part. If you take the forest products business, it's highly volatile, cyclical, globally competitive, and the Canadian dollar and the commodity prices are moving around all the time. Mr. Trump put a tax on our lumber going to the U.S. at the present time. There's always some competitive thing taking place out there, so in the commodity business you have to be a low-cost producer. You're obviously after good quality, good service, and so on and so forth, but you have to be a low-cost producer, because at the bottom of the trough you get taken out.

The way to do that is to have it very competitive: Have the best technology, good equipment, good IT, if that's what it is. We think if we can get people spending their money.... Frankly, they say nothing moves quicker than a million dollars. If you have to depreciate it, in Canada it's seven years; if you can put your investment in the U.S. and write it off in one year, you have a better chance of being more competitive over time.

We need to have a stronger industrial base in this country. We're blessed with these resources. Everybody in the world is envious. We should get that, make it easy to invest, because once you have the investment here, the bricks and mortar are here. They're not going to put wheels on them. They're not going to move. Nobody's going to move a pulp mill or an oil rig or a mine, so get it here. Get the jobs. Those are all high-paying jobs. They sustain the economy.

However, there's a general frustration today over the tax burden and the regulatory burden and all these other burdens. It's snow in front of the plow. You can only put so much snow in front of the plow before the plow stops.

● (0940)

[*Translation*]

Mr. Greg Fergus: Thank you.

How much time do I have left, Mr. Chair?

[*English*]

The Chair: You have one minute.

[*Translation*]

Mr. Greg Fergus: Okay.

I apologize, Mr. Cyr, I had a question for you, but I would simply ask that it be recorded in the minutes.

Mr. Thomson, investments in access to broadband Internet are truly very important. Why do you think the model of giving money to and working with small businesses in this industry is the best way to proceed? I ask you this question because yesterday, we heard a proposal that those investments be practically nationalized by the government and that the municipalities be allowed to manage the projects.

Why do you think it is important to use the private sector for this type of project?

[*English*]

Mr. Jay Thomson: There are a couple of reasons.

One is the one that I mentioned in my remarks, which is that local private sector entrepreneurs are used to making money work for them, stretching a dollar, particularly in smaller communities where costs are already higher than in urban communities. They're used to serving their customers in a way that they're going to squeeze every bit out of every dollar they can. It's the most efficient use of the government's money in that respect.

The other primary reason relates to local knowledge. Smaller community-based companies that have their head offices in the communities rather than, say, Montreal or Toronto, know the needs of their customers. They see them every day at Tim's or on the weekend at the local arena, and they hear their concerns directly from them—what their needs are, how successful the company is in serving them. That particular local knowledge of the needs of the community is invaluable when it comes to trying to figure out how best the government should spend its money.

The Chair: Okay. Thank you.

Mr. Kelly is next.

Mr. Pat Kelly: Thank you.

I'm going to start by asking Mr. Mullin a very quick question, because for this committee it's sometimes best if we get very clear recommendations that can carry forward to the government.

Based on number three, I think, in your five-point presentation, in this government's budget, do you recommend this next budget, unlike the last one, contain a timeline and a schedule for return to a balanced budget?

Mr. Dean Mullin: The message I would send to the investment community is that there's a focus on making sure the financial house is in order, and to communicate to the global community that Canada's serious about making sure that its financial house is in order and that in the next downturn to come we will be able to weather it effectively and efficiently—

Mr. Pat Kelly: I don't want to dwell on this too much. Do you think they should commit to a balanced budget or at least some type of a timeframe?

Mr. Dean Mullin: I think that it would be very wise to commit to such a timeframe.

Mr. Pat Kelly: Thank you.

I want to get back to some of the competitiveness items that both you and Mr. Irving talked about.

Both of you talked about resource development. In fact, Mr. Mullin, you talked about the shifting of goal posts, the changing of regulations midstream, and just how difficult it is to facilitate any kind of application for any kind of large resource project.

Can you comment on how that affects the competitiveness of the Canadian economy when an investor really has no idea of what they are even getting into when they apply for permits to build projects?

● (0945)

Mr. Dean Mullin: Uncertainty is the death knell for business. If a potential investor looks at a project and is not really sure what the requirements will be on their initial study, it will kill it on the boardroom table without going beyond a preliminary investigation. If they can't put some degree of certainty around a project, then the project doesn't really get legs and doesn't get the sponsorship behind the approvers.

Mr. Pat Kelly: Thank you, Mr. Irving, for bringing to our attention the OECD numbers on permit times. We're 34 out of 35. I will let you weigh in again on what you think about that in terms of competitiveness and whether you have some concrete recommendations for this budget in that area.

Mr. Jim Irving: It's easy to talk. People complain about governments, about this government or that government. It seems like the political landscape is changing every four years now. At least in New Brunswick you would have a new premier every four years, or we think we have a new premier in New Brunswick right now. We're not 100% sure, but we think so.

I tell you, it's a tough job being a politician. You folks know that. There are lots of pressures. With all the public communication today in the digital world, everybody has an opinion and everybody's an expert. We say public opinion becomes public policy after a while if we don't have it right.

I think it's quite important, because we see it when we go to Fredericton or to Ottawa and have a defined problem. I tell our folks, "When we go see the government, don't go in just to complain"—because everybody goes to the government, at whatever level, to complain—"Go with some concrete, well-thought-out suggestions, and say, 'Look, this is what we need to do to be competitive' or 'This is the answer.' "

Everybody can put a political spin on it at some point. There are lots of experts on that, but how do we get the facts? When the facts are right, we'll be successful. This country is built on that.

I'm quite focused on how we help the governments. In the case of New Brunswick, provincially there has been no money. There's a big squeeze on. The bureaucracy gets cut, and when a problem arises, we don't have the resources to really be analytical about what the right thing to do would be. Things get looked at through the political lens rather than the practical lens.

Mr. Pat Kelly: Do you have any suggestion, though, right now? You have the floor. This committee is going to prepare a report for the government. What exactly should this government do to improve competitiveness?

Mr. Jim Irving: There are two things. In the short term we talked about accelerating depreciation. That is something that attracts. That's hard dollars and cents. That's a calculation.

The other thing is the state of the climate for investing. We have to have consistency about reliability. You mentioned it to Dean here. We have to get rid of the uncertainty.

I think businesses shouldn't feel like they're being...you know. Business should feel welcome. They should want to invest. We have the resources here. We have the skill. We have the political will to really make it happen.

Mr. Pat Kelly: Okay.

Do you have any comment on competitiveness in the resource sector when, for example, the West Texas Intermediate, I think, crossed $75 yesterday? Western Canadian crude gets about half of that right now. We are leaving enormous amounts of money on the table at a cost to the treasury, at the cost of being able to fund public services, all through the sheer paralysis of our ability to construct transportation networks for energy products.

We have about 45 seconds left. Do you have any further comment on that?

Mr. Jim Irving: Look, I'll tell you this is about political will. I know there's politics in all of this, but to give him credit, the Prime Minister bought the pipeline, and he's going to make the pipeline happen out west.

Mr. Pat Kelly: So far that's not happening.

Mr. Jim Irving: I have faith that it's going to happen, but regardless, this leadership.... It's tough, it's messy, and not to be partisan about it, but we've got to come together. All politicians have to come together to help this get fixed, because if we have haranguing on this, it's not good for the country. You pointed out, sir, that we need to generate the income, because that's what looks after everybody in this country. We shouldn't be discounting our crude because we can't get to market, period.

● (0950)

The Chair: According to Frank McKenna, the Alberta discount last year cost the country about $17 billion in terms of what the discounted oil price was in Canada's results.

Mr. Pat Kelly: That would pay for a lot of hospitals.

The Chair: Mr. Julian is next, for seven minutes.

[*Translation*]

Mr. Peter Julian: Thank you very much, Mr. Chair.

My thanks to all the witnesses. I will start with Mr. Cyr and Mr. Brun.

Gentlemen, you have raised a really important issue about mental illness. I think no family in Canada, including mine, is spared. Mental health issues may become worse when people have no access to services in their own language. For minorities—there are communities of newcomers where I live—this access is fundamental.

I suspect some people are starting to raise concerns. New Brunswick had an election. We are now seeing that a small parliamentary group seems somewhat uncertain. This group, which is against francophones and minority language rights, could have a lot of weight in the government's future activities in New Brunswick.

If your recommendations, which are very valid and important, are not taken into account, do you think that the federal government should ensure that those services are provided to linguistic minorities, including in New Brunswick, when, at the provincial level, they are eliminated or cut because of politics?

Mr. Albert Cyr: In my opinion, it is very important to ensure that the mental health needs of the entire population are met. We have an aging population, and all Canadians must be able to contribute to the economy. Good mental health and access to services in one's language are among those needs.

In 2015, the provincial forum clearly emphasized the importance of safety and cultural jurisdiction for all first nations, immigrants and linguistic minorities. They are part of the community. The forum produced a report with 25 recommendations that various departments are currently using as a roadmap to meet the mental health needs of the public. The community must be part of it, including the majority, the minority and immigrants.

Mr. Ronald Brun (Acting Member, Executive Office, Coalition santé mentale et traitement des dépendances du Nouveau-Brunswick): Let me give you an example that reflects our situation.

[*English*]

I'll speak in English because I work in an English environment right now with first nations.

Just to give you an example, the gaps we're facing in terms of mental health servicing and access are so impactful and tremendous that we don't even recognize them at times. I've been working in a first nations community for 25 years, and in the process of those 25 years I've witnessed 60 suicides in that community, three of them in the last four months. That doesn't make sense at all.

We tell people the rate of suicides in first nations is seven times greater than the national and provincial average. Why don't people understand the impact that's going to have on these communities? If we're going to talk about productivity and competitiveness—and I'm willing to play with that jargon as well—we have a demographic population in Canada to some degree that we could be utilizing to our economic advantage.

However, if we do not concentrate any effort or any resources in trying to build up those communities and those vulnerable populations. They're not just the first nations: immigrants and a lot of other people are at risk. We need to care about those people and we need to build that capacity in order to meet that need.

● (0955)

Mr. Peter Julian: Thank you. I only have seven minutes, but I appreciate your reply on that.

Ms. Black, I have a very brief question. The Red Seal apprenticeship for crafts is a very intriguing idea. Is that something that your organization has approached the Red Seal folks on?

Ms. Maegen Black: We've just begun to reach out to them, to start to look at what building blocks we actually need to put together to bring this forward. There is a system in place for us to put forward a proposal, and we're working with our educational partners to try to see where those pockets are happening.

Mr. Peter Julian: Thank you very much.

I'll come back to Mr. Mullin and Mr. Irving. Both of you have raised very interesting points, Mr. Mullin around the review of the tax system and Mr. Irving around the Competition Bureau.

I come out of social enterprise. As I mentioned, I'm a member of the Burnaby Board of Trade and the New Westminster Chamber of Commerce. I think that when we're talking about a review of the tax system, we have to go beyond simple tax rates and actually look at tax shelters and overseas tax havens and whether or not those are actually serving Canadian interests. I believe in a partnership of public and private investment.

I'm going to ask you in a moment, Mr. Mullin, to comment on that review of the tax system, which also includes overseas tax havens and tax shelters.

I have a question for you Mr. Irving, on competitiveness and the idea that Canadian businesses benefit from our universal medicare system. The normal rule of thumb is $3,000 per employee per year, as compared to our American competitors who have a patchwork and incredibly inefficient medical system. Many people advocate for us to move to a pharmacare system because that would reduce costs to Canadian businesses as well. It would make them more competitive by eliminating anywhere from $4.5 billion to $6 billion that Canadian businesses currently pay for drug plans. Could the competitiveness bureau also look at those elements of competitiveness that exists in the Canadian economy?

Those are my questions to both of you.

Mr. Dean Mullin: Thank you. I've been pretty much exclusively in income tax since 1999. I think nothing should be off the table or out of bounds. The Income Tax Act is probably three or four inches thick, and some of it is not written in either official language. You have to be very careful when you're reading it. I don't think anything should be off the table in reviewing it. Tax rates, deductions, CCA classes, capital gains, capital gains strips, you name it—everything should be looked at. The last time there was a comprehensive review was in 1972.

Mr. Jim Irving: I think we should look at everything. This is about being competitive. Whether you make a kind of pulp, french fries, or oil and gas, what are the pluses and minuses? If health care is an advantage to Canadian businesses...I mean, you're paying the tax and it's funded, so it's not for free, but that's fine.

We should look at both parts of the equation. This is not about a one-sided equation. This is about getting the investment in Canada. If you're going to produce a ton of pulp, a barrel of oil, or something else, how does that compare with Africa, China, or some other part of the world? We have the resources, so can we create added value in this country? If that goes all the way around the circle to health care costs, as you ask, then sure.

What do we have that's giving us an advantage? What do we have that's giving us a disadvantage? Where do we fit in that global cost curve? If we're in the top quartile of competitiveness, there's going to be money to fund the programs for people, and so on, and we'll get the investment. If we're not, we're in trouble.

The Chair: Mr. Sorbara, you have the last of the seven-minute rounds. Go ahead.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everyone. It's great to be here today.

Since we are in New Brunswick, I'll put my focus on New Brunswick, with two themes.

To the CCSA, you made a recommendation on direct funding for broadband to some of the locally based companies already in the field, companies that serve rural areas. How much would that investment or that recommendation help the wonderful residents of New Brunswick?

Mr. Jay Thomson: It's an interesting question, because we actually don't have any members in New Brunswick.

The organization started 25 years ago with Fundy Cable, based here in Saint John, but Rogers now owns most of the cable companies in New Brunswick.

I would say that Eastlink is a very big partner of ours in providing services throughout the Maritimes, including in New Brunswick. Certainly it would help in that respect.

● (1000)

Mr. Francesco Sorbara: Wouldn't you say that broadband, much like the telephone, is now becoming essential for Canadians? You don't need to have a phone at home, but you need to have Internet.

Mr. Jay Thomson: I totally agree with that. It is an essential service for education, for social interaction, for access to health services and for entertainment.

Mr. Francesco Sorbara: I think that as we continue to look at innovation and as we continue to evolve as a society, there are going to be discussions on the critical nature of broadband for all Canadians, both rural and urban, as well as what that looks like in the future and how the government's role in investments with the private sector continues on. Many places in Europe now have squares you can go to where there's actually free Wi-Fi for their citizens to utilize because Wi-Fi or Internet has become so essential. Wouldn't you agree with that?

Mr. Jay Thomson: I would certainly agree with that.

To your colleague's earlier question about a national strategy versus a locally focused strategy, that's where a national strategy would be very important. We believe that if government at the high level sets the goals and the money's allocated appropriately, those objectives will be met.

Mr. Francesco Sorbara: Thank you.

I want to move on to Mr. Irving. Thank you for being here this morning. The gentleman from Saint John Board of Trade can chime in afterwards as well.

On the regulatory front, I often look at it as an economist and as someone who worked on Bay Street and Wall Street. I look at it as regulatory uncertainty. Mr. Irving, you pointed to it as regulatory layering. I think that was one of your comments. I'm concerned, always, about regulatory layering. Yesterday's agreement on the new trade accord with the United States, the USMCA—it kind of reminds me of a song, for some reason—I think puts to rest a lot of regulatory uncertainty on the trade side, which is great. Regulatory layering is concerning.

On the productivity side, one thing I think we need to focus on is ensuring we close the gap between productivity per hour per U.S. worker, or however you want to define it, versus Canada. I'd like to ask for your top three recommendations for how we can continue to close that productivity gap, because that does affect our standard of living. Like you, I like to be constructive and not critical when I'm meeting with folks.

Mr. Jim Irving: You can make a long list of things, I think, depending on the sector. This, I think, starts with understanding where you are. You know what they say; if you know where you are, you're never lost. We need to know where we are vis-à-vis everybody else out there in the world that we're competing with, and that should influence how the regulation gets its framework or what those inputs are.

In the province of New Brunswick, we have natural gas, but we're going to bring our natural gas down from Alberta. We're sitting on lots of natural gas here in this province, but no, we're not going to frack it, and we'll live on the transfer payments from Ottawa that he referred to.

If we have the right price of natural gas, we need to understand what that does for our energy costs in manufacturing. If we have the permits for....

We're in the offshore oil and gas business, for example, with ships off Newfoundland. We deal with Exxon. Exxon moves all around the world. They're going to spend $50 million to $100 million to drill exploration wells. It's a 60-day job in the Gulf of Mexico. To get a permit, it's 100 days approximately. If you go to Newfoundland, it's 500 days and counting.

What does it take to be competitive, and why? If we have unique circumstances because of some local conditions, that's fine, but if it's just bureaucracy or lack of knowledge or disjointed organizations having their own competing agendas, that just creates a lot of anxiety.

We have to deal with the aboriginal question in this country. We have to look after the indigenous community. We have to be supportive of them. We also can't stop things from moving ahead. We just can't let that happen.

Mr. Francesco Sorbara: You mentioned the capital cost allowance in your remarks. How important is that?

Mr. Jim Irving: I think it's very important. We're a local company. We plant trees. We're not going to cut that tree for 35 years. I don't think there's a longer-term investment than that. We're private and we're patient, but these big public companies are moving around the world. Their various plants are just pin dots on a wall map.

● (1005)

Mr. Francesco Sorbara: Mr. Mullin, would you like to jump in for the board of trade?

Mr. Dean Mullin: I completely agree with Mr. Irving. One thing I would add on to the productivity front is that we have to get to the point where good environmental stewardship can coexist with economic growth. They can coexist. They are not mutually exclusive. When they coexist, the projects are better. There are better results for the economy. We have to work together to come to an understanding of how we can proceed to get things done.

With respect to the capital cost allowance, when you're looking at and evaluating the project, you're looking at your return on investment. If you can use the deduction quicker—your time value of money—it improves your return on investment. There are other countries around the world that use a 125% rate on eligible investment, which just further accelerates the return on investment, making it more attractive and drawing more money into the community.

The Chair: Okay, thank you.

Ms. Alleslev is next.

Ms. Leona Alleslev: Mr. Mullin, your presentation was fantastic and quite comprehensive, and I didn't get to take down everything you said that I wanted to take down. Is there any way I could encourage you to put some of it in writing and make a submission to our investigation, so that we can have it all?

Thank you. To that point, can you help me with number five? I missed it. Can you tell us what your points were on point five?

Mr. Dean Mullin: On our fifth pillar, I was getting long-winded, so I skipped it. I was respecting the committee's time and that of the other witnesses. I was at six minutes and I thought I'd better close.

The fifth pillar is labour force development. We said we need to continue to develop our labour workforce by expanding incentives to attract Canadians to relocate to New Brunswick and improving our recognition of foreign credentials for those in New Brunswick and those who want to come here.

Essentially, we have immigrants in New Brunswick and across Canada who are highly trained and qualified in their own countries but can't get their certification. An example I'm aware of is somebody in New Brunswick who was a dentist in the Middle East. It took them four years to get their credentials recognized in Canada.

Ms. Leona Alleslev: Perfect.

What are some of the ways to attract people?

Mr. Dean Mullin: The major one is to make sure there are opportunities and that people are aware of the opportunities in New Brunswick, or in other Maritime provinces, because Toronto is the—

Ms. Leona Alleslev: Centre of the universe.

Mr. Dean Mullin: I wasn't going to say that, because there are people from Ontario here, but there are a lot of draws to Ontario. People know about Toronto. They know about Calgary. They know about Vancouver. To the comment that I made at the beginning, though, I was born in northern New Brunswick and I truly believe New Brunswick is the best place to live. If we can communicate that message, we can interest more people in coming and witnessing and experiencing that yes, it is.

Ms. Leona Alleslev: Fantastic.

You also then talked about better financial backstops for exports. Can you please give me some idea of what you mean by that, and what we can do to better financially backstop to support exports?

Mr. Dean Mullin: It's mainly continuation. There have been trade missions that have been led by various parties and various governments to encourage exports. Governments have been doing a very good job of opening up free markets—I think the number that was stated yesterday was 1.5 billion consumers or businesses who have access to the Canadian government at the conclusion of the USMCA.

However, they could also provide financial backing to expand business that is specifically going to an export market outside the United States. For example, if they're going to Europe, EDC—the export development bank—offers some support, but the commitments and repayment terms need to be a little more flexible.

● (1010)

Ms. Leona Alleslev: You would see the new markets like the ones opened up by CETA and CPTPP. Should there perhaps be a different structure to encourage it more?

Mr. Dean Mullin: Yes.

Ms. Leona Alleslev: Okay. I just wanted to make sure.

The Chair: We're going to go seven minutes, so you have time. You're okay.

Ms. Leona Alleslev: Thank you very much.

On the next thing that you both talked about, Mr. Irving, you made reference to a statistic on our governance or our bureaucracy. Could you give that to me again, and then give me some idea of what we need to do to address it?

Mr. Jim Irving: Is that about Canada ranking at 34 out of of 35 in the OECD countries? Is that the stat? I'm not sure.

Ms. Leona Alleslev: No. I think it's the last one that you gave around governing, bureaucracy and being able to sort of.... I wasn't exactly sure.

Mr. Jim Irving: Okay. I'm not quite sure which one it is, but....

The Chair: I think it was that we were last among advanced countries in regulatory burden.

Ms. Leona Alleslev: Thank you.

Mr. Jim Irving: Okay.

It's surprising. I was on this task force, and that's how I was made more aware of all these issues than I already was. There's a very comprehensive report that's going to be issued by the federal government, I believe, if it's not out now. I think it is out now, as a matter of fact. I'll follow up and get you a copy of it.

It highlights all these issues, and there are recommendations throughout. These are folks from the mining sector, the oil and gas sector and the forestry sector. This is across the country, but the theme is the same. It's all the same theme about red tape burden, confusion and delays, delays, delays. This is something that has built up over time. We have to decide how we want to deal with it in an efficient manner.

The government people, the bureaucrats are all good people, but they have a certain process that they follow, and that has to be the process. Unfortunately, when you're out there you're competing against China, India and all these other jurisdictions, and we have to be quite agile. We have to be on the ball.

Ms. Leona Alleslev: Nothing in particular is coming to your mind in terms of what you're referring to? It's basically a general overview of processes and procedure, bureaucracy and timeliness.

Mr. Jim Irving: Yes. It's all under those headings. Take every sector. If you talk to the mining guys, they'll give you this. The pipelines are a case in point. How long have we been trying to get the crude out of Alberta on a competitive basis?

Ms. Leona Alleslev: That's perfect.

Could you give me a feel for the relationship between federal and provincial governance and whether that has an impact?

Mr. Jim Irving: As I said, a small province like New Brunswick.... I can't speak to the other provinces. I have some experience in Nova Scotia and some in Newfoundland, so it's more Atlantic-based. It's this business about understanding the impact of the regulations, because it's debilitating.

Regulations come in and there's no thought behind them. I shouldn't say "no thought", but there's not enough thought. Then we wake up and we spend a year or two trying to unravel it, two years of trying to untie that knot. If we had done it right the first time, we would probably have attracted more revenue. This goes on all day long. It's all day long. You can take the transportation business, the manufacturing business....

Ms. Leona Alleslev: Mr. Mullin, would you comment?

The Chair: We'll have to leave it there.

Before I go to Peter, let me ask this. On this question of the workings of government itself and our process, are there any suggestions on how we fix that?

Yesterday in Charlottetown we heard—and we'll hear from the Atlantic salmon federation shortly—that an environmental group did a simple application that I know was 35 pages long. Two pages would be plenty, but at 35 pages it takes a volunteer about a week to fill out.

They were applying for EcoAction assistance to assist with having students in the streams to improve stream enhancement over the summer. They really need to be in the streams from the first of May to the last of May. The application went in I think in November, December or January. It never got approved until September. How can it take that long?

I've got a bee in my bonnet and I don't mind saying it. I think there are too many managers in government and not enough front-line workers.

What is the problem? How do we fix it? Does anybody have suggestions?

● (1015)

Mr. Jim Irving: You've sized it up, Wayne. That's what we're dealing with on different scales across the country. You've put your finger on it.

There are pressures, whether they're political or whatever the issue is, but somebody has to be boss. At the end of the day, somebody has to set the pace. In any organization, whether it's government or business or anything else, somebody has to be in charge, with a clear mandate.

That's why I keep coming back to competitiveness. We have to say it's our mantra and we're going to be competitive. In everything we do, we're going to be competitive—best practices around the world. That's a mouthful, because in the private sector, as you know, that's what we strive for every day. We have to. Otherwise, we would perish over time. We would advocate for that as our mantra. That will generate the income to look after a lot of things that are social issues and other things that have to be dealt with and should be dealt with to keep our standard of living up. We're diminishing the standard of living by just the problem you've articulated.

The Chair: Would you comment, Mr. Campbell?

Dr. H.E.A. (Eddy) Campbell: I mentioned this name earlier. Francis McGuire is a pretty extraordinary person who's involved in economic development. He was brought in by Frank McKenna when Frank McKenna became premier here. He was deputy minister in charge of economic development. He left to become a private sector executive. He has extensive experience in running Major Drilling out of Moncton. When he retired, he was hired as the president of ACOA.

If you really want to fix things in terms of the bureaucracy, I believe that Ottawa should develop a policy for bringing in business executives towards the end of their career. Bring people outside of the civil service in, and not necessarily just business executives, but people with a lot of life experience. Just change it up a little and get some other voices in there from people who aren't afraid to take risks and aren't afraid to make a mistake and be held accountable.

There's a lot of hesitation, I would say, on the part of the bureaucracy. There's a lot of risk in some things that government does.

The Chair: Simply put, nobody wants to make a decision. That's half the battle.

Go ahead, Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Ms. Bent and Ms. Black, there is inherent value and something quite nourishing for human beings when they see a play, go to a museum or look at a picture. I think most Canadians understand that, but what could be underappreciated is the actual economic value that the arts hold. Could you make note of that?

Ms. Maegen Black: I could say specifically that more funding and more support are needed to increase the amount of information that is available for that sector. We do have the basics. We have the larger-picture numbers, but we don't have the details, so the Canadian Crafts Federation is joining the Cultural Statistics Strategy Consortium. We're going to be working with the department of culture and heritage, as well as Statistics Canada, to try to improve the way that information is collected specifically for crafts. We'll be coming in from that perspective.

There are a lot of missing pieces right now, and with the lack of the census information with the reduction in the questions that are being asked, we're missing some basics. We used to know from the census—the 2010 census, I believe—that there were approximately 44,000 craft jobs specifically, as estimated. We don't have any increased numbers since then.

Funding specifically for the Cultural Statistics Strategy Consortium and specifically for the cultural satellite account would improve our ability to share that type of information and make it more public so that people don't overlook or underappreciate not only the extensive financial benefits, but the health and community benefits that the arts provide. We're really like a triple whammy when it comes to that.

Mr. Peter Fragiskatos: Thank you very much.

Mr. Irving, your company has done tremendous work not just in terms of bringing in immigrants so that they can work at your firm and contribute but in terms of actually making them feel welcome. I understand that a centre of excellence has been established at Irving and that you've reached out on this. Your company is working with the Multicultural Association of the Greater Moncton Area and, it looks like, the Immigrant Services Association of Nova Scotia.

The company is quite open, obviously, to immigration and sees that as a real pillar of the economy. We have heard at this committee, not just here in our visits but in Ottawa as well, about the importance of the Atlantic immigration pilot. I come from London, Ontario, as I said at the outset, but our entire region outside London, and the southwestern Ontario region, is plagued by population issues. We are growing at a rate of around 1% and, in some communities, less than 1%.

There has been some talk of potentially expanding this immigration pilot. It seems to have been tremendously successful. Can you speak either to the pilot, if you like, or to immigration in general in terms of what it means not just for New Brunswick but for the Atlantic region in general, particularly when it comes to the challenge of population growth?

● (1020)

Mr. Jim Irving: There are a couple of pieces to it.

For certain skills, we're bringing people in from Latvia and Romania and across Europe. We're trying to supplement our workforce, particularly in the case of the rural communities around New Brunswick, where the communities are dying. The young people are not staying. They're moving on.

That's working. We can get the folks here. The big job is the resettlement process. We have to make it stick. Frankly, we don't want them moving off to Toronto. There's nothing wrong with Toronto, but we need the help here.

Mr. Peter Fragiskatos: Is London okay?

Voices: Oh, oh!

Mr. Jim Irving: It's on the edge. It's on the fringe.

Voices: Oh, oh!

Mr. Jim Irving: It's coming. We're working through our changes with the government. We would particularly give credit to the Province of New Brunswick on this one, and Nova Scotia and the federal government. We've had a good partnership. We're bringing a lot of folks in. I'll tell you, though, we're missing a workforce here a little bit. We're trying at this one. We're involved in a thing called "new boots", which is women in the workforce going into trades.

Not to slight Eddy here, but we believe strongly that we need to get the community colleges to be a bigger part of our economy. I'd give free tuition to people who want to go to a community college to learn a skill we need. I think that's quite important.

In Nova Scotia we have the shipyard. We have African Nova Scotians. We have a program going with the indigenous community. We have an untapped workforce. We're getting recognition in Ottawa tomorrow for our tugboat crew of all women.

We have to tap into those parts of society. A lot of people who are unemployed are underemployed, making $12 an hour at Tim Hortons. That doesn't work. They can't afford to go to community college and get trained. We've advocated to the federal government for some time—I can leave a copy with you—on EI. There's about $2.6 billion or $2.7 billion in the employer fund in Ottawa. We advocated making New Brunswick a model for Canada. If you go to community college for a skill that we need, you will get your full EI. It's difficult to qualify for EI benefits and go to community college, so draw your EI at $525 a week, get the full EI pop, and get your tuition paid for.

Right now the Province of New Brunswick pays two-thirds of the tuition for community college. The other third, roughly $3,000 a year, is paid for by the individual. Take some of the money out of the employers fund and top it up. Now you have free tuition. You have a base income. The burden is not all on the government. The employer would have to sign up for the work term. Who signs up? We'd sign up for truck drivers, welders, or whatever it might be.

When somebody gets exposed to the workforce, they get up. We have to give people a chance to get up. We have to give them a hand up. I think we have the pieces here. I was talking about what it takes to be competitive. If we get those things, I think you'll find that Canadian employers will step up. They don't want to deal with all the morass of this problem and that problem. They want clarity. They want to move fast. They want to get it done.

I'm rambling a little bit here.

Mr. Peter Fragiskatos: No, not at all.

Mr. Jim Irving: Those are all pieces, we think, on the unemployment piece and on the women piece. It's not all successful from day one, but you have to try. You have to start. We're working away at it here as a New Brunswick company.

Mr. Peter Fragiskatos: Do I have 30 seconds, Mr. Chair?

The Chair: You have lots of time. Go ahead.

Mr. Peter Fragiskatos: Okay.

Mr. Thomson, thank you very much for your presentation. We heard a lot of the same message echoed yesterday in our session in Charlottetown. In fact, we heard from the Canadian Wireless Telecommunications Association. Robert Ghiz presented. We heard a lot about accelerated capital cost allowance and what that would do in terms of offering an incentive to folks to make decisions around investing, and what that would mean for the economy.

When we think about broadband, when we think about expanding that across the country in underserved areas, and when we think about the potential of 5G and what that technology could do for our economy, do you think something like ACCA could further incent the telecom sector to build and expand broadband networks, including 5G one day, potentially? Is that key?

● (1025)

Mr. Jay Thomson: There are two parts to my answer.

First, I would defer to the expertise of the larger telecom providers on the capital cost allowance question. It's not an issue we've addressed directly, but we're familiar with the presentations put forward by the other members of the telecom industry. We would support them, but I can't speak directly to it.

On the question of 5G, as exciting a technology as it is, we have to appreciate that in rural Canada, it's really not a near-term solution to anything. Because of the number of towers that would have to be built in order to extend the service, it's just not feasible in small-town Canada.

Mr. Peter Fragiskatos: Thank you very much.

The Chair: Thank you to all.

Before we go to Mr. Kelly and Mr. Julian for one question each, I have a question for Ms. Black or Ms. Bent on the artist resale rights.

I thought we had made a recommendation on this, but we found out that we hadn't. This wouldn't cost the federal government any money, you're saying, and we can't continue to spend money, from where I sit. How would that work, and what benefit would it be to artists?

Ms. Maegen Black: I'll certainly refer you to information from CARFAC, which is essentially the Canadian artists' union. They have detailed information about exactly what the financial benefit would be to individual artists, examples of things that have happened recently and some specific numbers.

The way in which it would not cost the federal government is that we simply have to put it into policy that artists' resale rights exist. Once that policy is available, CARFAC would be working with CARCC, the Canadian Artists Representation Copyright Collective Inc., which is their copyright agency. That agency would then undertake the management of the actual reporting and distribution of funding from the partners who would be involved, such as private galleries and auction houses specifically. They would be managing that.

The Chair: Okay. Thank you. Could you please send that information to the clerk and to Mr. Mullin?

On the overall complete tax review of the system, how would you propose to do that? Would it be through a royal commission, with a white paper that would eventually go to a committee, with tax experts to do the initial commission or white paper? How would you do it?

Mr. Dean Mullin: Given the complexity and the magnitude of it, I would suggest a royal commission so that it's all-encompassing. It would have to have a robust enough mandate and timeline that it could peel apart the Income Tax Act incompleteness. It could not be partisan, and it would have to combine everybody's view and make something that's good for the 21st century, because it hasn't been updated.

The Chair: Okay. Thank you.

Mr. Kelly, could you go to one question, please? Then it will be Mr. Julian.

Mr. Pat Kelly: I'm going to ask Mr. Mullin to return to part of his first point in his presentation, just so we can get to some really specific recommendations that will help our analysts draft the report.

You talked about the changes to the taxation of private corporations that were announced last year. You recommended, if I recall correctly, that what's left of it be repealed, partly in the name of compliance costs and general unfairness. I'll let you return to that and talk about what the members of your organization have said to you about those changes and about the cost of compliance and issues of tax fairness to those members.

Mr. Dean Mullin: Are you referring specifically to the TOSI, the tax on split income?

Mr. Pat Kelly: Yes.

Mr. Dean Mullin: Many of our members are impacted, and the real issue is they don't know how they're impacted. That is due to the complexity and the lack of description or scenarios they can rely on. When you're working with income tax, you can read the Income Tax Act and you can read the explanatory notes, but you really decide on how to structure something once you see how the Department of Finance or the CRA has interpreted that legislation. Sometimes we don't understand the context behind it.

The issue is we don't really know what the compliance cost is yet, because once our members have changed the way they are being compensated.... For example, our members who had children who were in university had to change how they funded that university education. They had to take more money out of the business in order to fund the education. Once the dust settles and we go a few years in, and CRA comes in to audit somebody's interpretation of the legislation, it's hard to say what the costs will be.

That's the other issue with many changes. CRA is not set up for success. The majority of the CRA auditors I've dealt with want to and try to do a good job, but they are hit with so many changes—every year there are hundreds of changes they try to understand—that there comes a point where it's going to go to court and it's going to be another three or four years before it's settled. Again, it's the inconsistency and not knowing what's going to happen.

● (1030)

The Chair: Mr. Julian is next.

Mr. Peter Julian: Mr. Campbell and Mr. Emerson, you pointed out the innovation gap, which is a real challenge for Canada. Currently, in terms of our chief competitors, we have the lowest level of public investment in research and development, we produce the second-lowest number of Ph.D.s, and we are the lowest among our competitors in terms of the number of patents that are approved in Canada.

How important is it for Canada and the Canadian federal government to substantially increase the investments in research and development that you speak to in your presentation?

Dr. H.E.A. (Eddy) Campbell: Well, of course, I would argue that it's very important. The dynamic that I see among universities and colleges across the country is....

We really have focused since the mid-nineties on helping our industries become more competitive.

The context for me is that Canada has this SME economy and is therefore not particularly able to invest in research and development on the business side. The firms are too small. They don't have the scale. Moreover, we don't have enough head offices. Typically, head offices are the ones that lead our research and development efforts.

Around the mid-nineties, we recognized that in fact we have world-class research going on at our universities and colleges. One of the ways we can really address the productivity and innovation gap that our industries have is by building these industry-facing programs between universities, colleges and the industries, to enable us to work with them on research and development that matters to the industry. This is why I feel these cluster ideas that my university is investing in are extremely important.

We can make Canada more innovative, and therefore more productive, by staying the course on this. It's important to recognize that this has been happening with governments of different colours since 1995 or thereabouts. We are getting increasingly good at these activities at our universities and colleges across the country, but it's not on a political time frame; it's on a longer time frame.

We are doing a whole bunch of the right things now. We have the right programs in place. What I am suggesting is that further investment in them would really help. I think we're doing the right things now. It's a problem of scale; we need to scale up.

The Chair: Okay, we will have to end it there.

Again, thank you to all the witnesses for your presentations today and your submissions earlier—those who made them—and for answering our questions.

With that, we will suspend until 10:45 and bring up the next panel.

The meeting is suspended.

● (1030)

(Pause)

● (1045)

The Chair: We're ready to reconvene.

Welcome to the witnesses continuing our pre-budget consultations in New Brunswick for budget 2019. Thank you to those who have presented earlier submissions and for coming today. Just to give you a taste of where we come from, I'll go around and ask our members to make quick introductions.

I'm Wayne Easter, the member of Parliament from the riding of Malpeque, Prince Edward Island.

We'll start with you, Peter.

Mr. Peter Fragiskatos: I'm Peter Fragiskatos, the member of Parliament for London North Centre, Ontario.

● (1050)

[*Translation*]

Mr. Greg Fergus: My name is Greg Fergus and I am the member for Hull—Aylmer, Quebec.

Thank you all for being here today.

[*English*]

Mr. Pat Kelly: I'm Pat Kelly, from the riding of Calgary Rocky Ridge.

Ms. Leona Alleslev: I'm Leona Alleslev, from Aurora—Oak Ridges—Richmond Hill, just north of Toronto.

Mr. Peter Julian: I'm Peter Julian, from New Westminster—Burnaby, on the other side of the country.

The Chair: It's just over the hills there in B.C.

Thank you all for coming. We'll start with the Atlantic Canada Airports Association.

Mr. Hierlihy, go ahead.

Mr. Greg Hierlihy (Director, Finance and Administration, Saint John Airport, Atlantic Canada Airports Association): Good morning. Thank you for the invitation to appear before you as part of the pre-budget consultations.

My name is Greg Hierlihy. I am the director of finance and administration here at the Saint John Airport. I bring remarks on behalf of the Atlantic Canada Airports Association.

Over the past few decades, aviation has played a critical role in creating a much more global and connected world. With that, our airport runways have quickly become the most important main streets in many of our towns and cities throughout Canada. Airports and air travel are so important to trade and economic growth here in our region. I'd like to touch on that, as well as discuss some of the challenges our airports face.

First, let me start by saying thank you for your support of our 2018 budget submission. A number of our region's airports have received infrastructure funding support for safety-related projects, including our airport here in Saint John, which has begun preliminary work on a $20-million runway rehabilitation program. This support was made possible through the Government of Canada's new national trade and transportation corridors initiative. Through a special stream of safety-related funding for the north and small NAS airports, four airports in Atlantic Canada were successful in receiving much-needed infrastructure support to ensure that they can support growing traffic in a safe and secure manner for decades to come.

The Chair: Could you slow down just a bit to assist the people in the booth?

Mr. Greg Hierlihy: Thank you. Sorry about that.

Our Atlantic Canada airports move nearly eight million passengers per year. We're not only moving a substantial number of passengers and important cargo in and out of Atlantic Canada; we are moving the fly-in, fly-out workforce and enabling the growth of the regional economy. Atlantic airports generate over $4 billion in economic activity every year, supporting 46,000 person-years of employment.

While air transportation and airports have come a long way, some challenges remain. The creation of the national airports policy back in 1994 resulted in the transfer of the financial responsibility for airports from the Government of Canada to the community. This financial model has resulted in a net transfer of funds from aviation to the Government of Canada, which, for example, in 2017 was $368 million in the form of airport rent.

However, only a small fraction of those funds that are contributed to government go back into the aviation system. In fact, in 2017, approximately 10% or $38 million was invested through the airports capital assistance program, ACAP.

Since 2000, the funding in this program has not changed, while the cost of doing business over this time has risen considerably. The airports capital assistance program needs a dramatic increase in funding to support small airports across the country, many of which have runway refurbishments coming due.

As I mentioned, Canada's airports pay $368 million a year to the federal government in airport rent. Canadian airports are recommending eliminating rents for all airports with fewer than three million passengers, which would amount to approximately $10 million of the $368 million paid to the federal government last year. In addition, we would like to see a cap on rent for other airports, so that it no longer continues its upward climb.

Airports are closed-loop systems. Any reduction in rent would be passed on through lower airport charges and debt requirements.

To put airport rent in context, in Atlantic Canada in 2017, Halifax Stanfield International Airport paid over $7 million, and St. John's International Airport paid over $2.6 million. As well, five additional airports began paying rent in 2016, creating an additional financial burden, which will continue to grow over time for these smaller airports. For example, Greater Moncton International Airport paid $450,000 in federal rent in 2017, and that is expected to rise to $540,000 in 2018.

Meanwhile, with the introduction of new regulations expected this year, each airport with more than 325,000 passengers will be required to add 150-metre runway end safety areas, or RESAs. To complete this, Greater Moncton International Airport will need to borrow over $4 million to meet this new regulatory requirement.

While our airports fully support initiatives designed to improve safety, the regulatory cost burden is becoming exorbitant for smaller airports. For airports with under three million passengers, rent paid to the federal government could be better invested into airport safety infrastructure requirements like RESAs.

In regard to improving trade and export at airports, many airports across the country and here in Atlantic Canada have applied to the national trade corridors fund, proposing projects that reduce bottlenecks and address capacity issues for national trade. However, the NTCF is heavily subscribed. With a budget of $2 billion over 11 years, the government received $27 billion in applications with the first call for submissions, and only 37 projects across the country were approved in this first phase. The funding envelope in the program should be increased to assist with worthwhile projects that improve trade in Canada.

Again, thank you for your support for airports in budget 2018. We look forward to working together to further the economic prosperity of our region and this country.

● (1055)

The Chair: Thank you, Greg.

Turning to The Atlantic Salmon Conservation Foundation, we have Mr. Bishop and Mr. Chase. Welcome.

Mr. Robert Bishop (Vice-Chair, Atlantic Salmon Conservation Foundation): Thank you Mr. Chair, committee members, and fellow presenters. Thank you for inviting the Atlantic Salmon Conservation Foundation to present to you today on your pre-budget theme, "Economic Growth: Ensuring Canada's Competitiveness".

I'm Robert Bishop, vice-chairman of the foundation. With me is Stephen Chase, our executive director. We are pleased to outline why our foundation is a prudent and cost-effective government investment that successfully and permanently helps improve the environment.

We're a non-profit, volunteer-run organization at arm's length from government. We operate under a very solid business model to provide a permanent source of funding for salmon conservation projects in Quebec and Atlantic Canada. We do this from income earned on a $30-million trust fund created by the Government of Canada in 2007.

Since 2007, our foundation has granted $7 million to 475 separate river conservation projects. Our funds have also leveraged other sources of funding, for an overall project value of $36 million, giving an impressive leverage ratio of 4:1. Millions of square metres have been improved, and several thousand people have been engaged across the five provinces. Projects we have funded have sustained nearly 2,000 full-time-equivalent jobs. Full-time and seasonal workers have found employment, and hundreds of students have gained valuable work experience.

While Atlantic salmon may be our focus, from our 12 years of experience we know that it's not just wild salmon that benefits from our program. The work done by the community and indigenous groups we supported has improved the environment. Clean rivers are important to Canadians and visitors to Canada. Habitat is restored, and salmon and other wildlife species are sustained, which strengthens the ecotourism industry, a key economic driver in rural areas.

Earlier this year, we assessed the value of ecotourism associated with salmon rivers across the five provinces. We learned that several hundred million dollars are contributed annually to regional economies by ecotourism on rivers. Much of this economic activity is generated by, or associated with, the work of our recipient groups.

The foundation provides a permanent and well-managed source of funding for communities and volunteers engaged in environmental improvement. Our fiscally prudent process is bound by a detailed funding agreement approved by Treasury Board. We are annually accountable to the Minister of Fisheries and Oceans. We are required to maintain the inflation-adjusted book value of our trust fund. We cannot erode the capital, and rents and operations are funded only from investment income. The trust fund must be returned to the government if the foundation ceases operating.

We work with our recipients to agree on project outcomes, performance measures, and dates. The process is rigorous. Funding is granted quickly, and projects are subject to foundation oversight. It's an effective business model that works very well.

Our trust fund has its limits. Each year, we receive almost 200 high-quality funding proposals. Based on available funds, however, we can offer grants only to approximately half of these excellent proposals. This is regrettable, as it leaves many good projects unfunded, and others underfunded. We do encourage groups we can't fund in any particular year to stick with us, as we can't afford to lose good applicants.

Let me stress how critical the volunteer element is to the environmental improvement Canadians need for fish and wildlife, and also to sustain and grow ecotourism. This work cannot be done without the volunteer community. We work closely with the mainly volunteer recipient groups to help them succeed. We enjoy helping our recipients do good work. We want them to be successful, and we have a reputation for assisting them in this regard.

We have three recommendations we'd like to present to the committee.

First and foremost, a larger trust fund would increase the capacity of the foundation to fund more of the high-quality applications that we receive annually from Atlantic salmon grassroots organizations throughout Atlantic Canada and Quebec.

Second, instead of creating new mechanisms for delivery of wild Atlantic salmon conservation project funding, the government should work with established programs such as the Atlantic Salmon Conservation Foundation to avoid overlap and duplication. I can assure you that this does happen.

Finally, the Atlantic growth strategy should support river conservation projects contributing to the improvement of ecotourism opportunities by partnering with the Atlantic Salmon Conservation Foundation. By that I mean joining us in partnership on some of the projects we fund.

● (1100)

The Chair: Thank you, Robert.

With the Canadian Drowning Prevention Coalition, we have Mr. Beerman and Mr. White. Welcome.

Dr. Stephen Beerman (Co-Chair, Canadian Drowning Prevention Coalition): Good morning. Thank you for the opportunity to present today.

I'm Dr. Steve Beerman, and I am co-chair of the Canadian Drowning Prevention Coalition. I am here with Mr. Bobby White, a member of our board of directors. We're here to ask the government to make a new strategic investment in the Canadian Drowning Prevention Coalition to reduce drowning risks and enhance drowning prevention.

The Canadian Drowning Prevention Coalition is respectfully requesting that the Government of Canada invest $25 million over five years to support drowning risk reduction in Canada. This investment would improve research and data collection, thus improving effective prevention, policy development, reporting and governance.

The Canadian Drowning Prevention Coalition is a new, non-governmental organization that brings together many multisectoral stakeholders with key focused targets, inclusion and shared leadership. The coalition was created to enhance the focus and impact of this effort after the World Health Organization's "Global Report on Drowning". That report identified drowning as a multisectoral public health issue in all nations and recommended that each nation create a national strategy and plan for drowning mortality risk reduction and non-fatal drowning risk reduction.

Mortality data in Canada has been collected and analyzed by the Canadian Red Cross and the Lifesaving Society for more than 20 years. This has focused on drowning mortality.

Non-fatal drowning data and reporting are more challenging and most needed. This impacts Canadian rescue services, health services, social support systems and employment and economic capacity for families and communities. The assessment of the drowning burden is currently incomplete. We need to improve the data, the reporting and the learning. A full understanding of this burden will inform legislation, policy and community actions and behaviours.

We know that more than 400 Canadians are victims of fatal drownings each year. This accounts for more than 8,000 fatal drownings and more than 40,000 non-fatal drowning events in Canada over the past 20 years. This is not the full picture. There are exclusions from this data, including drownings from suicides and homicides, and drowning deaths involving complex circumstances. We need to understand this drowning burden more fully and with all its impacts, to speed the rate of decline and improve the inequities.

The drowning mortality burden disproportionately impacts indigenous Canadians—that is, first nations, Inuit and Métis—new Canadians, rural and northern residents, children and young males. These key targets align with many Government of Canada priority target areas.

The Government of Canada's investment would improve our understanding and the reduction of tragic, preventable drowning. That investment would be put to use to enhance data and research-gathering and support.

We would like you to implement survival swim training for all Canadians, and very specifically for new Canadians. This would reduce the drowning risk.

We would also like you to amend the small vessel regulations for vessels under nine metres to require PFDs or life jackets to be worn by each person on or in the small craft. This would make small craft vessel recreation and vocation safer.

We would like you to implement mandatory CPR training as a prerequisite to obtaining a motor vehicle driver's licence in Canada. This would empower Canadians to save lives.

We would also like the Government of Canada to assist in the creation and establishment of a drowning review board for drowning mortality in supervised settings and in single events involving more than five deaths. This would better inform and protect Canadians.

As well, we would like you to implement consistent, evidence-based pool-fencing legislation and compliance across Canada. This would make our homes, our residents, our schools and our institutions safer.

Multiple Government of Canada ministries and agencies have a mandated interest in this issue. Canada should be a leader in multisectoral drowning prevention, with collaborative shared leadership. This collaborative partnership would accelerate the impact of drowning risk reduction and burden reduction.

Canada can do a better job of reducing drowning risks, deaths and the burden felt by our health care system, our economy, our families and our communities. Government investments in research, data collection and proactive prevention are reasonable requests and would greatly assist in reducing drowning among Canadians who are at greatest risk.

● (1105)

Thank you. We look forward to answering questions when the time is appropriate.

The Chair: Thank you, Stephen.

For members, I understand that the witnesses from Newfoundland and Labrador who are on our list, on the agenda, couldn't get out of St. John's. That wouldn't be unusual. There's usually fog.

With Maritime Launch Services Ltd., we have Stephen Matier, president and CEO.

Welcome, Stephen.

Mr. Stephen Matier (President and Chief Executive Officer, Maritime Launch Services Ltd.): Thank you, and good morning.

Thank you for the invitation to speak here today. I'll be happy to answer any questions I can.

I'm the president and CEO of the Nova Scotia start-up company Maritime Launch Services Ltd. My nearly 30-year background in the aerospace industry includes 16 years working at the NASA White Sands test facility in New Mexico, testing rocket engines for the space shuttle, which is kind of cool. During that time, I was honoured to receive several safety awards as part of my work there, including the astronauts' Silver Snoopy Award.

For the past 14 years, I've been an independent consultant, working directly in the U.S. commercial space industry on building and licensing spaceports, and working with launch vehicle operators from around the world.

In 2016, in partnership with two other small businesses, we started Maritime Launch Services Ltd. to provide launch services to the growing commercial satellite market. I'm now living in Nova Scotia with my wife, two daughters, five cats, and a dog. We just moved recently to the Halifax area.

We are focused on delivering on the development of what will be Canada's first-ever orbital launch capability.

There is a new space race across the globe. Ever since the retirement of the space shuttle in 2011, and coupled with the significant changes in technology that have miniaturized the typical satellite, private industry has stepped in to utilize low-earth orbit for a host of communication and science-related activities, to study our earth and its changing environment.

Many new start-up companies are developing and maturing their launch platforms to serve this growing market. These start-ups recognize that the global space industry is on the cusp of major change, one characterized by more frequent launches of smaller, short-lived satellites, many of which will go into what's called sun-synchronous polar orbits.

This appetite for space-based services and information is growing asymptotically. This is especially true for Internet-related developments, and there is a need for more precise information about specific localities, including agronomic, economic, meteorological, and hydrological data.

Perhaps most important, space-based remote sensing is now much more dynamic, with information becoming more perishable and the demand for frequent resampling growing geometrically. Being able to support the new demands of the market will require low-cost solutions that can be rapidly tailored to individual customer preferences—in other words, a customer-focused launch site in support of commercial satellite customer needs that could put the satellites where they're needed in space instead of just as ride-shares on government missions.

Moving quickly is the key to capitalizing on this market—in the areas of launch vehicle design and construction, launch services, and engineering—and expanding those programs as they currently exist in Canada, including in Nova Scotia. The rapid establishment of a brand/reputation, initially within the context of the first Canadian spaceport and eventually worldwide, will cement the positioning of Nova Scotia as a pathfinder model in the emerging scientific, economic, commercial, and strategic global relationships.

The global space economy reached $340 billion USD per year in 2016, and is growing at 2% to 3% per year. The launch industry segment of this economy—that's where the rockets launch and satellites get put on these payloads, which is the backbone of the industry—is only about $5 billion USD per year, and is the bottleneck for the industry.

MLS recognizes that the commercial global satellite market needs additional reliable launch capacity in a trajectory that the eastern shore of Nova Scotia can provide. We also recognize that the numerous start-ups developing rockets today will take time to fully mature, and that partnering with world-class, experienced, cost-effective, and reliable launch vehicle manufacturers—Yuzhnoye and Yuzhmash in Ukraine—will bootstrap our spaceport and deliver to our growing list of satellite customers in a timely manner. By maturing our launch service offering based on the Ukrainian technology first, we can then provide the opportunity for other launch vehicles, including Laboratoire Reaction Dynamics Inc., based in Montreal, to be folded into our global offering.

● (1110)

With the launch vehicle offering defined and planned, that leaves finding the best location as the other key piece, and not just any location will do. The key attributes that our location near Canso, Nova Scotia, provides are a launch trajectory in the direction desired by our clients, our satellite customers; an expanse of several thousand kilometres of open ocean underneath that trajectory; and available land that is both remote from the general public and close to seaports, airports, roads, power, water and infrastructure. Most importantly, it is a location with local community support.

The best site is preferred to be in North America, where the largest satellite manufacturing community exists globally, and in a country with a mature space industry and robust global partnerships. The site in Canso has all of these key determinants, above more than a dozen other sites that we studied across North America before selecting this location.

We believe this commercial spaceport development to be a groundbreaking and timely addition to Nova Scotia and Canada as a whole, and it fits in directly with many federal government initiatives. Your progress on the Canadian innovation agenda, the Atlantic growth strategy, connect to innovate, the strategic innovation fund, the implementation of the Canada Infrastructure Bank, and the revised space policy initiative through ISED all align perfectly with our goals of introducing a new industry to Atlantic Canada and the economic benefits it will bring to the rural community and economy in the municipality of Guysborough.

The communities of Canso, Hazel Hill and Little Dover, where we'll be located within the municipality, played a vital role in transatlantic cable communication over a hundred years ago, and are now at another key intersection for Canada. We will be a pivotal part of the solution to provide broadband service across Canada and the globe, with the constellation platforms being developed by industry, including corporations in Canada. It will offer a natural priority to domestic launches, in part due to our location and in part due to our launch capacity matching our clients' needs.

With our medium-class rocket launch vehicle based on heritage proven technology manufactured in Ukraine, and with a satellite payload capacity of over three tonnes, we're positioned to meet the global market demands. Our vision intersects key initiatives in Canada, with global broadband, high-end employment in a rural community in Atlantic Canada, supporting Canada's growing role in the commercial space world community, and showcasing the strong ties between Canada and Ukraine.

The other key aspect of the collective initiative to build rockets and launch them is the effect it has on our youth. The enthusiasm for Canada's space program has always been strong, and many of our youth are seeking opportunities in science and engineering as a result. Unfortunately, to date, most of them have had to leave Canada in order to pursue their careers.

Imagine an operational domestic launch site that has internships and employment, domestic CubeSats being launched, domestic broadband satellites being launched, domestic rockets delivering them to space, domestic student rocketry programs holding annual competitions, and more.

Once it is operational, payload customers from across the globe will be bringing their satellites to Canada. Then the anchor tenancy that we offer and that the spaceport represents will be surrounded by other economic opportunity and employment for our youth. There will be opportunities to design, develop, test and manufacture satellites, adding to the existing segment of job opportunity for our students to grow into.

Our collective request of the Government of Canada is to actively focus its support on the budding industry so that Canada can capture the market share that is obviously ours for the taking. Spaceport development and launch vehicle development initiatives in other countries, including New Zealand, the U.K., Australia, Mexico and others, are just now gearing up, and those governments are finding ways to support the infrastructure development and launch vehicle development. All the assets are here and in place, except for active and streamlined government support for this global opportunity.

As with the other countries and programs mentioned, there are significant numbers of investors ready to participate in the development of the opportunity, now that their governments have openly supported and seeded the initiatives with investment dollars. For Maritime Launch Services, and as was defined in the connect to innovate program that I researched, we see ourselves as part of a new backbone infrastructure in rural and remote communities across Canada for our launch site development and our mission to support global broadband priorities.

Building this initiative, this infrastructure, is the modern equivalent of building roads or railway spurs into rural and remote areas, connecting them to the global economy.

● (1115)

This backbone infrastructure is the basis for the launch vehicles and satellites that are needed in today's connected world. For our budding launch vehicle development initiatives, more streamlined opportunities to seed their development through NSERC, the strategic innovation fund and others are needed.

In all aspects, MLS has been glad for the positive response to our initiative to date across the country, and we look forward to collaborating with the government and industry to see our vision succeed.

Thank you.

The Chair: Thank you very much, Stephen.

We'll now turn to our first round of questions.

Mr. Fragiskatos, go ahead.

Mr. Peter Fragiskatos: Thank you very much to all the witnesses. I want to begin with Mr. Hierlihy.

Sir, you've laid out a number of recommendations in your brief. Thank you very much for that. I do want to address those, but first I want to put on the table something that I'm very interested in and that I think our country should be interested in: pilot shortages.

Can you speak to that? To what extent is that impacting the situation here in Atlantic Canada? On an entirely different but related note, I suppose, yesterday we heard that there are mass shortages of truck drivers here in the region. The problem also exists in the country, generally speaking. Needless to say, that has tremendous impacts on our economy as a whole. When we lack pilots, that has an impact on the economy as a whole.

Could you speak to the situation in Atlantic Canada?

Mr. Greg Hierlihy: Certainly. At Saint John Airport, we see it on a daily basis. We feel the effect of a significant pilot shortage. Our main connecting point to many places is the Halifax airport, and the pilot shortage is very acute in those short-haul flights from Saint John to Halifax. I'm sure Charlottetown and Fredericton are feeling the same pinch to get to that hub.

This year, we've had probably double the number of flight cancellations due to pilot shortage. We're definitely feeling it.

Mr. Peter Fragiskatos: Thank you very much.

As a federal government, we have really stood by airports in the Atlantic region and have invested heavily, as you know—and this all just came in July. There was $5 million for the resurfacing of a runway and related work at the Gander International Airport and, as you know very well, there was $10 million to rehabilitate two runways and related work here in Saint John. There was $8.1 million to rehabilitate Charlottetown's airport, along with the runway and connecting taxiways, and there was $9 million for the Fredericton International Airport, which saw a 33% jump in passenger traffic in the past five years.

We certainly take very seriously the challenges that exist here in the region and in other airports across the country. The London International Airport actually received a sizeable contribution in July as well.

I note that your recommendations—and this is not to take anything away from your brief—do call for increased funding. Every one of them actually calls for an increase in funding.

Are there other ways that the federal government can assist airports here in the Atlantic region, without spending more money? Are there policy changes, for example, or regulation issues that we could look at? Is there anything along those lines that would make airports more competitive as well?

● (1120)

Mr. Greg Hierlihy: That's a good question.

There are some of the fees that are on passengers, the security fees and the excise taxes. I know that's really about spending, but those are some of the things that are impacting us.

From a policy perspective, I don't want to take away from any safety aspects, but I guess there are things that could be looked at there in terms of the continuing costs that will be put on airports if additional requirements are added on a policy basis.

Mr. Peter Fragiskatos: Thank you very much.

Mr. Beerman and Mr. White, I certainly read your brief with great interest. I had a family in my constituency that was impacted by drowning recently, a very tragic situation.

In your brief, you pointed specifically to the risk of drowning among new Canadians. In fact, the family that I'm speaking of recently arrived in Canada, so that point particularly resonated with me for that reason. In your brief, you also point out that there is, for a variety of reasons, an increased risk of drowning among indigenous peoples and populations.

With all that said, I wonder if your organization is or would be open to working with immigrant settlement organizations that are on the ground in communities, which know the newcomer populations very well, and with territorial governments and indigenous communities as a way of getting to the outcome that you're so nobly and ably fighting for.

Dr. Stephen Beerman: Thank you for the question. It's a good question.

The increase in drowning among indigenous Canadians and new Canadians is a staggering data point. It's not just slightly more; it's many times more than in the non-indigenous and non-new Canadian population.

Collaboration and co-operation with existing service-delivering agencies and with partners who are already on the ground and connected to this issue is really the objective of our implementation plan. We have met with organizations and groups to try to engage them, not just in the delivery but in the decision-making in terms of what programs and what things would stop the tragedy that you have described. It is a complex scenario, but there are people who are close to those communities in all communities in Canada and who will need to be engaged from the point of view of both decision-making and an implementation plan.

Mr. Peter Fragiskatos: Yes, sir, go ahead.

Mr. Robert White (Member of the Board of Directors, Canadian Drowning Prevention Coalition): I am the CEO of Lifesaving Society Canada. Lifesaving Society Ontario has just launched an awareness package in 63 dialects in Ontario. We piggyback on that for the rest of Canada. We are reaching out to all of those communities.

Mr. Peter Fragiskatos: Thank you very much.

The Chair: We have lots of time. We can come back to you again. We have more time because we have fewer witnesses.

We'll go to Ms. Alleslev.

Ms. Leona Alleslev: Thank you very much.

Mr. Matier, I'd like to focus on the spaceport. For those of us who don't know, because this is a highly knowledge-specific expertise area, could you give us an overview of low-earth orbit, mid-earth orbit and high-earth orbit, and what that sort of environment looks like from a satellite perspective? What part are you looking to target? What is the potential in terms of market, and where is that market in terms of maturity?

Why could Canada now be exceptionally well positioned to take advantage of that? That's part of why you're asking for what you're asking.

Mr. Stephen Matier: The people of Canso asked, "Why Canso?" It's a great place to start in answering your question.

They describe the place as, "It's not the end of the earth, but you can see it from here." It's a great description when you want to launch a rocket over thousands of kilometres of open ocean.

On low-earth orbit, our highest altitude is 700 kilometres. The key differentiator I would point out is the sun-synchronous polar orbit. Most launches that have been happening over the decades have been equatorial launches, where you're launching around earth and you're staying over one place and communicating up and down.

When you have the earth spinning in this direction, and you're coming from the other direction, you have much more coverage over the entire earth. A couple of times a day you have these satellites that are going over the same spot on earth and providing data down. If you could build a constellation, then that is meshed and surrounds the earth. Now you have an inter-network. You are providing global coverage, not only nearly real-time, but actually real-time data, real-time communication and real-time Internet in that sense.

That's what the real opportunity is. It's also really great for near-earth imaging. When you're monitoring a forest fire, an earthquake zone or a hurricane, you are able to get that real-time data and observe our earth, not have that satellite go away and have this big gap. You have the ability to track that.

● (1125)

Ms. Leona Alleslev: Further to that, could you expand a bit on Canada's expertise in satellite technology and how its history of command and control systems and space strategy is also feeding into this being a great place to launch, because you have those two parts of the equation here?

Is that fair statement?

Mr. Stephen Matier: Oh yes, it's absolutely a fair statement. MDA and Telesat, for example, are two potential key clients. We're in discussions with Telesat in particular. They are a potential answer for the 5G from our previous discussion. You don't need towers with 5G; 5G is satellite-based.

Telesat already has a satellite that they're developing. They already have one flying. They already have an FCC-approved licence for the communication band that they're talking about for providing broadband.

Ms. Leona Alleslev: Where would they have to launch? They can't—

Mr. Stephen Matier: Exactly. Would you rather write a $65-million cheque and send it to SpaceX in the U.S., or a $45-million cheque for really proven technology launching from the site in Canada?

It can be put in fairly simple terms like that, but there are also subtleties about the payload capacities. We can get up to five or six of their satellites on board each of our rockets, so when they're looking at 120 satellites in their first fleet and 300 total, now we've become a real go-to for them.

In the launch world, you want to spread your risk among as many launch operators as you can, but there's a real lack of launch operators. SpaceX has its own plans, so if there is any way for a global broadband—

Ms. Leona Alleslev: We get in the back of the line.

Mr. Stephen Matier: We get in the back of the bus, so to speak. You're absolutely right.

Ms. Leona Alleslev: Excellent. We built this space strategy in Canada 25 years ago. It was incredible. We did great things, and then we ran out of runway. Now we have no national or federal space strategy.

Are you finding that's an inhibitor, in terms of what you want to do for the next 25 to 50 years?

Mr. Stephen Matier: I've found that enthusiasm is hard to refresh with a 20-year-old document, to put it politely. There is some real interest in doing this on the part of the federal government, and certainly in the provincial governments in my work over the last couple of years, but there is certainly some catching up to do.

Ms. Leona Alleslev: Do we need to create a focus on space strategy from a federal perspective and make sure that's in the budget, in addition to what you're looking for from NSERC?

Mr. Stephen Matier: That's correct.

Ms. Leona Alleslev: Is there anything else the federal government can be doing to support the space strategy?

Mr. Stephen Matier: Well, we're one piece of it. We co-submitted for this committee with a couple of other firms.

There are some budding launch operators that are developing rockets here in Canada. We partnered with Reaction Dynamics for this submission. They're based in Montreal. They're designing and developing a rocket out of the university infrastructure, and they have some seed funding through the Space Agency. They are one of three companies in Canada that have reached out to us and are looking at springboarding from our site as well.

● (1130)

Ms. Leona Alleslev: Is there room in the market for all of them?

Mr. Stephen Matier: Oh my gosh, yes. There are several thousand cube satellites that are planned to be launched over the next few years, and most of them are ride-shares and back-of-the-bus kinds of things. There are dozens of launch operators that are trying to get going globally. You know, the Rocket Lab, Virgin Orbit, and a number of others are trying to get going.

There is certainly plenty of space for it. They're at 150- to 200-kilogram capacities, and we're at three tonnes, so we're a different market segment. There's plenty of room in the market, especially at the growth rate that we're seeing.

Ms. Leona Alleslev: Are we late to the game, or are we still in a position where we could have a command and market share, and a leadership position?

Mr. Stephen Matier: We can certainly have a leadership position by springboarding with the partnership with Ukraine that we have going right now. Yuzhnoye and Yuzhmash have been flying rockets since the 1960s, and no one has anything more mature across the globe, period—not even NASA.

They've launched 675 times in various aspects under various guises, as part of Sea Launch, as part of Russia, as part of the European Space Agency and as part of Orbital ATK's Antares rocket. They're a part of all of those, and they've been going for decades.

By utilizing them as part of our springboard for getting our site up and running, we're meeting our clients' needs, but we're also offering that opportunity for the small satellite launchers to fit in and tuck underneath.

At the end of the day, I'm a rocket guy. Rockets are hard, and you don't want to rush them. There is opportunity there, certainly, but it will take maturing of the rocket technology for the smaller companies to advance.

The Chair: Sorry, you are out of time, Leona.

Mr. Julian, go ahead.

Mr. Peter Julian: Thank you very much to our witnesses. I have questions for each of you.

I'd like to start with Mr. Bishop and Mr. Chase. Thank you very much for giving us a sense of how underfunded salmon enhancement and salmon protection projects currently are.

You said that of 200 proposals annually, you can fund only 100. Could you give us an example of something that met the test to be funded by the foundation but you were unable to provide funds for?

Mr. Stephen Chase (Executive Director, Atlantic Salmon Conservation Foundation): Yes. In each province, we have an expert advisory committee that is very familiar with the proponent organizations, the nature of the projects and the priority issues.

They will typically take an ask.... We've helped conditionally applicant groups to make reasonable asks and make good proposals, and they'll adapt the ask to the limited pot of money that they have available. You might get a good project—for opening up some salmon habitat or improving water quality in a river—that is larger than what they have and it has to be pared back.

We have had to turn down some salmon count activities, which are really important for understanding the size of the population and what the population is experiencing.

We've had to turn down some really high-quality research proposals. We actually do put quite a bit of money into universities doing research. We see research as a key to helping the use of the conservation dollars go further and be wiser. We've had to turn down some of them.

It's really difficult.

Mr. Peter Julian: When you say that 200 projects are approved but only 100 can be funded, are you talking about fully funding them, or are you talking about being able to fund them at all?

Mr. Stephen Chase: No, I'm sorry. We get about 200 applications a year, and we're able to fund only about half of them. So of the—

Mr. Peter Julian: Even partially...?

Mr. Stephen Chase: That's right. Most of them get most of the money they're looking for, if they are good quality. Some of them get the funding that our advisory committee, in its wisdom, says that they should be able to use to deliver that project within that envelope.

Mr. Peter Julian: Thank you very much. That's very helpful. You are really establishing the case for an increased funding envelope so you can provide more supports to other projects.

Mr. Hierlihy, you referenced the issue of rent. I'd be interested in two things. I don't believe you mentioned the overall number of airports in Atlantic Canada that are members of your organization. I'd be interested to know how much in rent currently leaves Atlantic Canada every year that should rather be invested to provide more supports, because we know that airports are really motors for regional economic development. How many airports are members, and how much leaves the region each year?

● (1135)

Mr. Greg Hierlihy: I don't have the exact number of airports. I can tell you that the amount of rent is over $10 million annually, largely represented by the larger airports in the region, which are St. John's and Halifax. It is north of $10 million. That burden will ramp up fairly quickly as the airports continue to grow, because of the way the rent works. Once you hit $10 million in annual revenue for an airport, you start paying 5%. That's the way the mechanism works. There are some smaller airports, like ours. Once we get up to those levels—which we will reach very quickly—the rent will increase significantly.

The situation that Moncton is in, which we referenced in the report, is a good example of that. The burden on them of having a $500,000 level of rent.... That's a very significant piece of rent when you're talking about the revenue base and the requirements for ongoing maintenance capital and safety-related items.

Mr. Peter Julian: Yes, certainly there is no doubt that the reinvestment in the region would make a big difference. That's a very compelling argument.

Could you provide the information later to the committee about the number of airports? I think that would be helpful for us to judge overall. It would add to your excellent presentation.

Mr. Beerman and Mr. White, you were talking about $25 million. You also raise a very compelling argument around preventing drownings. I think all of us have some experience with this. I remember my good friend and neighbour, Jamie Hillier, who drowned just 60 days ago. His death was preventable. The point you're making is that so many of these tragic drownings are preventable if we make the right kind of investments.

When we talk about the kind of financial investments that you're speaking of, is there any litmus test in terms of the number of lives saved if we compare it to other countries that do make those investments? What is the rate of accidental drownings in those countries?

What is your best pitch in terms of this investment actually saving lives?

Dr. Stephen Beerman: If you assume, as an aspirational goal, that the investment would reduce 50% of the preventable drownings in Canada, and that more than 100 lives would be saved and 1,000 lives improved per year—"improved" meaning they didn't die and they were non-fatal drownings—by the end of that five-year investment period, the request we're making would involve $250,000 per life saved, and $25,000 per life improved—in other words, non-fatal drowning prevention. This is a great value as a public health initiative. It's much better value per life saved than in most other public health interventions.

That is the reason the World Health Organization has really moved into this recommendation that countries of all socio-economic levels should have a single agency that is leading drowning prevention in that country, and that this is a public health issue and not just a recreational issue, as was pointed out by the question from your colleague about its impact on indigenous Canadians and new Canadians.

The mathematical calculations with regard to the exact impact of this need research and data support, which is the major part of our pitch. Our knowledge of the drowning impact in Canada is currently incomplete. Although we have a very mature understanding of the mortality, we have a very immature understanding of the non-fatal drowning scenario. We need some help to improve that and have a full understanding.

Also, traditionally in Canada, the drowning fatalities associated with suicide have not been part of the conversation. Homicide is not part of the conversation, and then there are some complex scenarios that are details. Transportation events do not count as drowning events, and there's a significant number of those. Catastrophic events do not count as drowning events. They're incidents of catastrophe and they are classified differently.

The picture of data we have is currently incomplete. It is formulated by two incredible NGOs in the country that have been doing this for a long time and without government support. It's time we mature our understanding of this issue with a much more robust data and research capacity.

● (1140)

The Chair: Okay. We will have to end it there and go to Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everyone. Thank you for your presentations.

I'm going to go across the board. I'll start with the Atlantic Canada Airports Association.

I've been on this committee since I was elected as a member of Parliament and had the privilege to serve, and I've always advocated that we do something on ground rents. I'll go back to a Senate report. I forget the names of the senators who put that together. They were looking at airports as ATMs versus investments. We're taking money out and it's going to [*Inaudible—Editor*]. This has been across the board. I can still remember.... I think it was Jean Lapierre who introduced a new, revised ground rent system, which reduced them. I think we can do more, and I agree that we need to look at it. I'm not going to ask a question on that because I am with you on that.

The second one is on CATSA and CATSA Plus. How important is it that we continue to put that in place across all airports in Canada? We have to call it what it is. The previous Conservative government did not invest and did not focus on our airports. It's like driving on Highway 400, where I live, or the 401, getting pulled over and then having the rest of the traffic wait until you get searched, stopped or ticketed, or whatever you want to call it. That's what happens at airports today, so we need CATSA Plus. How important is it to get CATSA Plus not only to the airports here in Atlantic Canada, but across the country?

Mr. Greg Hierlihy: I think it's highly important, as we talk about airports and the industry being an economic driver, and given the image we have worldwide and within the country of long wait times. The agreed-upon standard right now in Canada is that we clear 85% of passengers within a 15-minute time window, which is quite low compared to international standards. We feel the target should be much higher. I know that during peak times they can wait an hour-plus. Efficiency needs to be addressed, so we think CATSA Plus is vital.

Mr. Francesco Sorbara: I completely agree. It goes into productivity and efficiency in moving goods and services—and people.

Mr. Greg Hierlihy: Yes.

Mr. Francesco Sorbara: When we think about goods and services, we should add people to it as well, because we need to move people, whether through our ports with cruise ships or through trains and airports.

Your fourth recommendation was to increase infrastructure funding from $38 million to $75 million annually. Can you identify some of the projects you could undertake at the airports that this would assist with?

Mr. Greg Hierlihy: It would include such things as firefighting vehicles at the airports, snow-clearing equipment, that sort of thing. That's partially covered by the program for the smaller regional airports. Certain airports, such as the Saint John Airport, aren't currently eligible for that program based on the fact that they're on federal land.

Mr. Francesco Sorbara: Thank you.

To the Canadian Drowning Prevention Coalition, I think we're all with you on this one here. I learned how to swim in elementary school through some program that we were brought to. Otherwise, I don't think I would have learned how to swim. I think all Canadians are with you on this.

It is impacting newcomers, under-represented groups, and minority groups. We had one tragic situation in Toronto of a young man going swimming out in cottage country and not coming home. To quote a comment made by my colleague Mr. McColeman the other day, this is one of these asks where it's not that much. Should we be giving newcomers a pamphlet when they arrive in Canada?

● (1145)

Mr. Robert White: Well, for us at Lifesaving Society Canada, we're different partners within this coalition. The Red Cross is also a partner in this. We do this together. At Lifesaving Society Canada, we provide services to about 1.2 million Canadians a year. About 70% of them are kids under 12 who are in learn-to-swim programs.

The problem we're having with new Canadians is that they're coming in from places where they don't necessarily have water in which they can learn to swim before they get here. We also have extended summers, like this summer. People were flocking more towards waterways and stuff like that.

For us, this is very important. At Lifesaving Society Canada, we have a program called "swim to survive". We encourage all grade 3 students to take the program. They learn how to deal with water and how to go into water. But we should be working with all newcomers who come to Canada and we should be teaching them how to swim, definitely.

The Chair: We'll go back to Ms. Alleslev.

Ms. Leona Alleslev: Thank you very much.

I'd like to expand a little on the airport situation. I mean, not everybody understands that we have different classes of airports, with different amounts of funding and ways we support each of them.

In this submission, you're talking about the NAS, are you not?

Mr. Greg Hierlihy: Yes, it's primarily the NAS. That's correct.

Ms. Leona Alleslev: Fantastic. Do we have a mechanism right now of evaluating the capital investment, infrastructure, and operating health of each of those NAS airports?

Mr. Greg Hierlihy: Not that I'm aware of, no.

Ms. Leona Alleslev: Your ask is to double the airport capital assistance fund, yet we don't necessarily have a clear picture of how healthy the capital infrastructure situation is at each of those airports.

Mr. Greg Hierlihy: I'd just say, not that I'm aware of. I mean, that $75-million figure was arrived at through a very collaborative process of all the airports identifying their upcoming capital needs of what would be....

Sorry, was that in order to address the safety-related items?

Ms. Leona Alleslev: Well, RESA is one of them.

Mr. Greg Hierlihy: Yes.

Ms. Leona Alleslev: It's almost a one-time item, theoretically, because if we extend the runway for safety, then we're done. It's once in a lifetime, hopefully.

Mr. Greg Hierlihy: That's correct. As referenced in a previous question, the other items would be firefighting vehicles, for example, and snow-clearing equipment. Heavy equipment needs some recurring or ongoing replacement, so those types of things would be addressed by this.

While I'm not aware of that airport health mechanism, I can tell you that from a small-airport perspective, with the revenue potential we have, it's very difficult to fund these larger purchases. In the case of Saint John Airport, this year we will be incurring debt for the very first time under that requirement of refurbishing the runways, as well as upgrading our existing infrastructure.

Ms. Leona Alleslev: So then we compare that with your ask to eliminate rent. Can you give us a comparison of the increase in the capital investment versus the offset of the decrease in the rent?

Mr. Greg Hierlihy: You're asking how much would be redeployed into capital investment from the—

Ms. Leona Alleslev: Exactly. You're asking for a doubling increase in capital investment while at the same time asking for significant reduction in annual recurring operating expenses through rent. Am I correct?

Mr. Greg Hierlihy: Yes.

Ms. Leona Alleslev: Ultimately, if we don't have a good picture of the health of those airports and therefore of the level of concern regarding the infrastructure and capital, we don't know if we should really be tripling down, because we're going to lose *x* amount of annual recurring operating revenue while at the same time vastly increasing the capital. While that's what the finance committee is here to look at and make recommendations on, we don't have all the information with which to evaluate that effectively.

Again, the rent allows the federal government to have income to redistribute to perhaps other airports that are not in the NAS category, because there's no question that airports are critical to the economy throughout. So it's a bit of a balancing act because it is in the public interest.

I wonder if you could give us any more thoughts on that.

● (1150)

Mr. Greg Hierlihy: One of the items you touched on, in terms of the rent—and it's in the submission—is that there is $368 million paid in rent, and the specific fund that goes back to airports is $38 million, so only a percentage of that rent. I don't have the exact information you're looking for in terms of—

Ms. Leona Alleslev: But that's directly through capital assistance. It doesn't give where that other money goes—those airports and infrastructure that are not part of the NAS. Those, overall, are other elements that affect that.

Mr. Greg Hierlihy: That's correct.

Ms. Leona Alleslev: Could you also talk just quickly about the national trade corridors fund and what kind of investments you're asking for in that—what specifically and why?

Mr. Greg Hierlihy: What was submitted by the various airports is confidential in nature, so I don't know exactly, but I know it's related to increasing cargo and freight capacity and other trade-oriented items. But I'm not aware of the specific ones that were not considered. I know that Halifax and Moncton submitted ones on that type of basis, and I know there's no shortage of ideas with regard to how to reduce the bottlenecks and meet the criteria of that program.

The Chair: Thank you.

Mr. Matier, before we go to Mr. Fergus, what would be the As, Bs, and Cs the federal government would need to do to get the refresh on the space program you're proposing?

I've talked to Rodger Cuzner about this a few times. What do we need to do from our end to get there?

Mr. Stephen Matier: The "A" part is, of course, refreshing the pre-existing documentation. There is, for instance, a suborbital/orbital launch regulatory framework, and the last date on it is 1999. We've started to work collaboratively with Transport Canada, but they'll admit it has been rather ad hoc. I've come to the table with this proposal, and they've been gracious enough to work collaboratively with us to pull in the CSA to review some documentation along the way, but a concerted effort in the framework for that regulatory environment is key to this.

Probably most important, though, is public support. You've seen a lot of the go-public support by the federal government for this initiative. There have been bits and pieces—the space policy initiative, some seed funding from the CSA. There's been a large push recently by the aerospace community to try to bring this to the forefront of priority. Much like you have the rural broadband initiative as a focus, having this anchor tenancy of the spaceport will be a big part of the draw for the entire commercial aerospace industry in Canada.

It's that focus that is really going to bring it all together. I have investors who are looking to know whether the federal government and provincial government are going to be on board with this thing. It's really about that vocal support for a Canadian commercial launch facility.

My first visit was in Moncton, to Transport Canada, and I told them to be willing to throw me out of the room if they didn't want to hear my story. It was the best briefing opportunity to hear about rocket launches and stuff like that that they'd had in a while, so they weren't going to send me away. But the whole idea was that they could throw me out of the room if they didn't want to embrace this.

Everybody's allowing this initiative to go forward, but nobody has been standing next to us and running with us. I feel like a marathon runner, alone. I've gotten a few water bottles along the way with this initiative, but it would be good to have some people running alongside me, especially within the federal government. As you pointed out, MP Cuzner has been a real advocate for us and supporting us, for sure.

● (1155)

The Chair: Okay.

Talking about runners, we'll go to Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you very much, Mr. Chair.

I have questions for all the witnesses.

I'll start with Mr. Hierlihy.

Mr. Hierlihy, I would like to ask you a question about airports. I think Ms. Alleslev asked some very relevant questions about how to deal with the financial issue. My questions are about safety standards, which your second recommendation addresses.

You recommended that standards be created. My question is not about the funding mechanism. Instead, I am looking at how we can ensure that the same standards apply to all airports. I am sure that many members who have had the privilege of travelling in this country have seen, as I have, that what is acceptable in Saint John is not necessarily acceptable in Charlottetown or Winnipeg. Why are there no standards that apply to all airports across the country?

[*English*]

Mr. Greg Hierlihy: That's a very good question, and I've experienced the same issue. I really don't have an answer for you about why that is, but I can certainly take it away and try to come back with—

[*Translation*]

Mr. Greg Fergus: Will your recommendations lead not only to funding standards, but also to standards for users, who are the target group for those activities?

[*English*]

Mr. Greg Hierlihy: We'll come back with additional information on that.

[*Translation*]

Mr. Greg Fergus: That's great.

Mr. Bishop, Mr. Chase, thank you very much.

Yesterday, we had the privilege of meeting in Charlottetown with one of your colleagues, I believe, Mike Durand, who made almost the same recommendations as your organization.

I think your first recommendation goes without saying. The third proposes that, instead of creating new mechanisms for funding Atlantic salmon conservation projects, the government contribute to programs already in place.

Are you comfortable with the idea of being able to avoid duplication? In addition, are you able to manage those programs?

Can you elaborate on your third recommendation?

[*English*]

Mr. Stephen Chase: Thank you, Mr. Fergus.

Yes, I'm happy to respond to that. We have a program that puts money in the hands of community groups, first nations, university researchers and others. It works very effectively and efficiently, pursuant to the terms of the Treasury Board agreement; we take that very seriously.

Over the years, since 2007, when we opened our doors, we've seen two or three programs come up through Fisheries and Oceans Canada that have provided funding to just the same groups. It has been almost precisely an overlap and duplication of the kind of work we do, essentially dealing with the same groups that we provide funding to.

I find it ineffective on the part of the government, especially when there is a mechanism that the government has created. It's out there doing good work, and it has a good reputation for rigour and facilitating. When the government introduces a program that overlaps that, I think it's something that really should be avoided.

● (1200)

[*Translation*]

Mr. Greg Fergus: Thank you.

The next question is for Dr. Beerman and Mr. White.

Gentlemen, I represent a riding with about 20% of the population from cultural communities. The majority of those people are newcomers. The demographic profile of my riding has changed significantly over the past 10 years, and I have had the opportunity to get to know the people in those communities and the challenges they face when they arrive in Canada.

One of your recommendations is that the federal government put in place a program that truly targets those people. However, is this recommendation based on your experience in the field? In my own experience, it seems that newcomers are often very busy looking for work, and making sure their children adjust to their new reality and integrate well into school. However, if those people do not speak French or English, they must also take language training.

Given that busy schedule, when could they take the time for drowning prevention courses? Based on your own experience, can you explain that recommendation to the committee members?

Mr. Robert White: In terms of drowning prevention courses, I think your riding is still very well served by the Société de sauvetage du Québec, which does a very good job on that.

We believe that we still need a comprehensive strategy across Canada. The World Health Organization suggests that we adopt a strategy like that.

For you specifically, there is a program called swim to survive. This program is offered in schools in Quebec, which is probably one of the most progressive provinces. In the vast majority of schools, programs are provided for all children, starting in grade 3 of elementary school.

Mr. Greg Fergus: May I ask for some clarification?

[*English*]

The Chair: Go ahead. You're out of time, but we're well over.

[*Translation*]

Mr. Greg Fergus: The swim to survive program targets young people, but what about adults?

Mr. Robert White: We also have an adult program offered on evenings and weekends I think. I can send you more information on that.

Mr. Greg Fergus: Can you send it to the clerk of the committee?

Mr. Robert White: Certainly.

[*English*]

The Chair: Thank you.

We'll go to Peter Julian next, but first I have a question for the Atlantic Salmon Conservation Foundation. We learned yesterday that if an application goes into the EcoAction plan with Environment Canada, the application-in to application-out and approval can be anywhere between five and eight months.

In terms of the Atlantic Salmon Conservation Foundation, what's the length of the application in terms of pages? Can you give me the process—when it goes in, when the board makes a decision, and when the approval is granted?

Mr. Robert Bishop: The application form is about four pages. The organizations that are applying have the opportunity to add supplementary information if they wish, but the actual application form is four pages.

The deadline for applications is late December, before Christmas. The provincial and scientific advisory committees usually meet in January. In March, we hold a full board meeting, and the provincial advisory committees present their recommendations at that point. They are either approved or disapproved in March.

The successful applicants are contacted immediately. We actually put in place a funding agreement with each successful applicant. The funds tend to flow generally by May each year, at the latest, because we know very well that the work season is the summer season for these projects.

● (1205)

The Chair: That's good information to have. We'll draft a comparison with the government sector versus your sector.

Mr. Julian, go ahead.

Mr. Peter Julian: Mr. Matier, on your project itself, what is the overall capital investment that's required to actually bring this to fruition?

Mr. Stephen Matier: That comes based on my experience in other spaceports that I've worked on before. The overall price tag to build the launch facility itself is $210 million. We have quite a number of people who are interested in the larger debt portion later on, and in some equity portions in the middle, but it's that kick-off part that we're really having trouble getting people on board with. We have a large amount of seed funding that we've put in to get this thing kicked off. It's that next part, call it series A, that is really trying to get a hold.

Mr. Peter Julian: So it's $210 million, and currently you have investments lined up for....

Mr. Stephen Matier: We have investments for probably three-quarters of it, but they're for when the risk is a little lower later on. It's how the investment community works. They're happy to get involved from a debt or venture capital perspective when they see the risk is less. We have almost $5 million into it so far, which we've invested as a group with some Canadian companies that have joined us. We're looking at that next 10% or so, to really push it over the top into that realm where everybody feels that this is really a done deal, that we have that investment and that government support, and now the rest will fall into place.

Mr. Peter Julian: Is there any provincial, municipal or regional economic funding?

Mr. Stephen Matier: No, we have not received any. We do have almost half a billion dollars in letters of intent from satellite clients, though.

Mr. Peter Julian: Sorry, is that half a billion dollars?

Mr. Stephen Matier: We have half a billion dollars in what are called letters of intent. They're soft contracts, basically, that are geared toward the firm contracts that will come later on. Those expressions of interest from the satellite community are part of what our investors are looking at. We're building more of those all the time, and we expect to have more of them in the coming weeks.

Mr. Peter Julian: Those companies that have signed letters of intent, where are they located? Are they North American companies, or are they from other parts of the world?

Mr. Stephen Matier: One is in Canada; one is in the U.S.; one is in Israel; one is in Italy. I have one pending in the Netherlands, one in South Africa and another one in Canada. We're working with some firms that are building satellites as well. And there are a number in the U.S. So it is truly a global market as far as the satellite community goes. Even our original letters of intent are quite global already.

Mr. Peter Julian: The letters of intent are over how many years? We're talking about an intention to launch satellites. Are we talking about five years ahead or 10 years ahead?

Mr. Stephen Matier: The only thing holding them up from signing a launch contract is me telling them when I'm going to launch. They are multi-launch. One in particular has an annual requirement; they want to do science missions. Another one bundles; they aggregate CubeSats. They are quite good in the market already. They have quite a history already. They even sell their launch capacity online, and they're ready to basically put us on their website and start selling space. As many as we can fly, they'll fill.

Our financial model is based on eight launches a year. We know we can achieve 12 launches a year without any major manufacturing changes with the Ukrainian company, so at this point basically one a month is what we would see to fully realize the project.

● (1210)

Mr. Peter Julian: I have one more question.

Who are your competitors? Worldwide, how many of these private launch sites, spaceports, would be either in the final stages or operational?

Mr. Stephen Matier: There are none in our class. There is one commercial launch site, Rocket Lab. They have a 150-kilogram payload. They've launched twice—one launch was successful—and they're hoping to get going. But theirs is a baby rocket by comparison. They can't even get one of Telesat's satellites on board their rocket. It's a 500-kilogram satellite for the global broadband. Those small rockets can't even get one of those on board, whereas we can get five or six on board.

The others around the globe, whether it's India, the European Space Agency, China or Russia, are all government-founded. All the U.S. launch sites are government-founded. While there are 11 spaceports that are licensed in the U.S., the launch operators are much fewer. Virgin Orbit is close to going operational with tourism, but they're still a year or two away from doing small satellites of 200 kilograms.

The Chair: Thank you, both.

I really liked your words, Mr. Matier. Transport Canada is "allowing" versus embracing. I think we have to get to that embracing, in terms of seizing the opportunity.

Mr. Fragiskatos, you have the last questions.

Mr. Peter Fragiskatos: Thank you very much.

I want to go back to Mr. Hierlihy. When I asked if there are other things we could do as a government in terms of helping airports in the Atlantic region, you alluded to fees and excise taxes. Could you go into that a little more, the concerns you have around those two, or anything else you wanted to put on the table?

Mr. Greg Hierlihy: Just in terms of the—

Mr. Peter Fragiskatos: Can you give specific examples of how they impact competitiveness?

Mr. Greg Hierlihy: It's just another cost that's passed on to the passenger. It's those high costs—compared to going to the U.S. to get a flight, for example. What I'm referring to when I say that is just everything that goes into a passenger ticket.

In terms of the other things we'd possibly look at.... You asked me a question about pilot shortage. I think that support for training in some aspect could also be beneficial.

Mr. Peter Fragiskatos: Thanks very much.

I have one last quick question to Mr. Beerman.

You highlight that newcomer communities and indigenous communities face a particular risk when it comes to drowning. Could you go into why? Although it is in your brief, it struck me that we should put it on the record.

Dr. Stephen Beerman: I don't think we fully understand why. In the case of indigenous Canadians, many of them live in rural and northern communities. They have isolation and marginalization. They do not sign up for events and educational opportunities like many non-indigenous Canadians might.

I think one of the transformations of the work we're doing is to move drowning prevention to a public health model, where it's provided to everybody without barrier. As soon as you put a barrier of any kind—a bathing suit, money, or a requirement—then the people at greatest risk will actually be the people who will be excluded by those barriers. I think one of the pieces of work that we're trying to do is understand this better, find solutions from the communities that are most impacted and make those solutions barrierless.

Mr. Peter Fragiskatos: With respect to newcomer communities, you said that many are coming over and not being.... It's an entirely new environment, obviously, where they are now near water, whereas in their country of origin they were not. This new experience, this new exposure, adds to that increased risk. Swimming is now perhaps a pastime, whereas in the past it wasn't even considered. It was a luxury that was unattainable.

Dr. Stephen Beerman: Yes, or there were beliefs or mythology around the catastrophic opportunity that is created by being close to and involved with water. Many newcomers to this country have not had an exposure to water, even though they may have lived in a location where water may be more abundant than it is here. They're in a custom where water is to be avoided because of the catastrophe that might occur.

● (1215)

Mr. Peter Fragiskatos: Thank you very much. It's good to have that on the record.

The Chair: Thanks, all of you. Are there any last points that any of you want to make—for instance, points that you might not have been asked about?

Mr. Bishop, go ahead.

Mr. Robert Bishop: This is more about Mr. Fragiskatos's first question to Greg about the shortage of pilots and so on.

You mentioned that the presenters from Newfoundland could not get here. I came from Newfoundland, but I had to fly last night from St. John's to Montreal, and then from Montreal to Saint John, because my flight from Halifax to Saint John was cancelled by Air Canada at the last minute. I understand that this is a very common event here, and I have to believe that it has an impact on the economic development of this province in particular, and of P.E.I. as well, I'm sure.

The Chair: Been there, done that.

Voices: Oh, oh!

The Chair: Thank you, everyone, for your presentations.

We have two weeks of hearings in Ottawa and two weeks on the road. When you look across the spectrum, it's absolutely wonderful to hear some of the ideas and the constructive criticism that comes up at many of these sessions. Thanks to each and every one of you for answering our questions.

I think there was some further information that was requested. Anybody who has that can send it to the clerk.

With that, lunch is at 12:30, and we'll do the tour after that.

Peter, go ahead.

Mr. Peter Julian: Thank you, Mr. Chair.

We don't seem to have any public coming in for the second round of the public presentations.

The Chair: Nobody has requested.

Mr. Peter Julian: What I would like the clerk to do, perhaps, s distribute the notices for the next three days to our offices so that we can get them out. I'm sure there are people who would want to come if they knew there was an availability. We have a half-hour window, and I'd hate it if in subsequent days we don't have people going to the mikes when they have the opportunity to do so.

The Chair: For the information of the witnesses here, we usually have an open mike session at the beginning of the meeting for those who didn't get a chance to be on as witnesses. They can make a one-minute statement at the mike, without questions. The same s supplied for audience remarks afterwards. That's what Peter is referring to.

With that, the meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: http://www.ourcommons.ca

Publié en conformité de l'autorité du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : http://www.noscommunes.ca